

Greece's social fabric unravels

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Veteran socialist and author Charles-André Udry looks at the scale of the crisis in Greece today—and its impact on politics and social struggle.

THE PERIOD from October 20 to November 17, 2012 [\[1\]](#) opened a window on the socio-political crisis in Greece. Its consequences are still difficult to foresee. In the first part of this discussion, we will trace the contours of the dark and dangerous socioeconomic situation, as a preamble before we make some points about the “SYRIZA model”—that is, the Coalition of the Radical Left that came in second in Greece's elections last spring.

A recent study made public by professor Haralambos Papageorgiou at a national conference held in Athens from October 18-20, 2012, indicated that 33 percent of women and 25 percent of men living in Greece were suffering from moderate to severe depression. The main cause of this was the repercussions of the economic depression, with all its manifestations in the daily lives of a very large majority of Greeks—and the possibility that these conditions will continue into the future.

Didn't the government announce at the beginning of November 2012 a reduction in the amount of aid going to people considered 80 percent or more disabled—after it already reduced the amount of aid to people considered to be disabled at less than this rate in May 2012? On November 7, it had to pull back. Momentarily? As early as September 2012, the disabled were protesting in Syntagma Square outside the parliament building in Athens. On September 28, two riot police vans blocked access to Vasilissis Sofias Avenue, so as to “protect” the parliament from this demonstration of 700 disabled people!

On August 29, 2012, Giorgios Chatzis left a message on his wife's telephone: “I will not be coming home. I have no more to offer. I am nothing anymore. I love you all. Take care of the children.”

This 60-year-old construction worker had just learned that he was losing his disability benefit of 350 euros per month. He had been drawing on it for four years, in addition to a pre-retirement payment of 50 euros per month. These 400 euros made up the only income for the whole family. When he learned he was losing his disability benefits, after having made several attempts to keep them, he took his own life. His body was found later.

Giorgios Chatzis would have had to wait five more years without income just to receive a reduced retirement of 300 euros per month. The latest austerity package effectively calls for pushing back the retirement age to 67 years, which would have added two years to the total during which he would not have paid in to the private-sector retirement fund, which would have reduced even more the monthly amount of what they called “retirement.”

On November 15, 2012, the Greek press announced that a young nurse—who had just been laid off as a result of austerity measures in the health-care sector—threw herself from a seventh-floor window in the Pangrati district of Athens. Her sister tried to hold her back. She failed. A double drama.

The same day, the daily newspaper Democratia reported the suicide by fire of a young woman, 20 years old and condemned to unemployment, behind the Amalia Fleming Hospital in the Melisia suburb of Athens. Residents called the police when they heard the cries and saw the flames. Her family went looking for her and recognized her from a photograph taken by the coroner.

When the (capitalist) “gangrenous crisis” destroys the lives of young people, it openly displays its deadly violence. In the last three years, more than 300 suicides have been “recorded” in Greece. As a bleak echo, a recent study by the Department of Obstetrics and Gynecology at the Areteion University Hospital in Athens drew attention to the alarming increase in miscarriages, correlated with “social stress.”

THESE ARE just a few among the hundreds of thousands of tragedies hidden in some way behind the dry statistics on the changes in the GDP or the rate of unemployment. Since the third quarter of 2008, Greece has experienced a depression—similar in its breadth to the effect of a war. But this time, it is a social war, with “modern” authoritarian dimensions that are starting to emerge.

According to the latest report from the Organization for Economic Cooperation and Development, the annual change in gross domestic product at current prices is as follows: 2008: -0.13 percent; 2009: -3.1 percent; 2010: -4.9 percent; 2011: -7.1 percent; 2012: -6 percent; 2013: -4.2 percent.

On November 14, 2012, the Hellenic Statistical Authority (ELSTAT) published its estimates for the third quarter of 2012. The GDP, in 2005 currency, had decreased 7.2 percent compared to the same quarter of 2011—and that, despite a “good year for tourism in 2012” which had impacted the results of the third quarter!

The change in GDP over the eight quarters of 2010 and 2011 and the first three quarters of 2012 (compared to the same quarter of the preceding year and in constant prices) is the following: 2010: -1 percent, -2.8 percent, -6.6 percent, -9.9 percent; 2011: -8.8 percent; -7.9 percent; -4.0 percent; -7.9 percent; 2012: -6.7 percent; -6.3 percent; -7.2 percent. The sharp decline stands out well.

From the end of 2008 to the end of 2012, GDP has collapsed by some 21 percent. In 2013, the 25 percent mark will be passed, all the more so as the following changes take effect: various budget cuts and tax hikes passed by the “pro-troika” [\[2\]](#) majority in parliament on November 14, 2012; reductions in salaries and various “social allotments;” and the increase in real unemployment and part-time employment.

Add to that the collapse of productive investments since the third quarter of 2008. In volume (based on an index of 100 in 2002), investments have gone from close to 175 at the beginning of 2009 to just 75 in 2011. In addition, the recent relative dynamism of exports—boasted about by the government and the right—is going to be slowed down by the context of the European recession, which can already be observed. Based on an index of 100 in 2002, exports have gone from 140 at the beginning of 2009 to less than 120 in mid-2012.

Finally, the mass of outstanding unpaid taxes and tariffs went from 3.8 billion euros in June 2012 to more than 10 billion euros in September (some estimates place that number even higher). The relation between the violent reductions in public expenditures and an anticipated increase in tax revenues certainly does not correspond to the plan laid out by the government and its overseers in the Troika. That will serve to justify, officially, more “austerity packages.”

A depression like this—in its duration and breadth—is unknown in Europe since the Second World War.

THE CONSTRUCTION sector, which holds an important place in Greek capitalism, shrank by 27.5

percent from August 2011 to August 2012. Close to half of construction workers have lost their jobs since 2007. The slump in construction permits in the whole of the country—in the big cities, the process is more pronounced—totals 27.3 percent over the first nine months of 2012. The combination of the decrease of household income, the severe restriction of banking credit and the increase in income and property taxes is sufficient to explain these statistics.

The number of homeless is estimated at 40,000. This number would have been much larger if not for the shock absorber of people finding housing with their extended families; the practice of gathering several people in the same house mitigated the process. For some, there was the possibility of a fallback plan, of limited duration, of moving to a family home in a less urbanized region.

There is a proposal from the elected representatives of the New Democracy, among them Makis Voridis, to strip legal protections from homeowners who owe up to 200,000 euros on their main residence. If this proposal passes, the number of homeless will skyrocket.

When a family still has a house, they have to heat it as winter approaches. The price of a liter of heating oil was fixed by the Finance Ministry at 1.35 euros, an increase of 35 percent compared to last year. The decrease in heating oil prices on the world market averted the Finance Ministry's initial price, set at between 1.40 and 1.60 euros per liter.

The sellers, after negotiations, then announced that they could not possibly sell home heating oil at these prices. Their sales decreased by 50 percent compared to 2011. In the north of Greece, from October 2011 to October 2012, demand shrank by 80 percent. The warm temperatures continuing into November cannot explain such a drop. From this point on, even when the cold hits, we will see a clear confirmation of the impossibility of buying home heating oil for entire sectors of the population. The few measures conceded by the finance minister at the last moment for low-income families will not change the tendency.

The daily newspaper Kathimerini reported on November 4, 2012, that, according to the forecast of the secretary of the Federation of Sellers and Distributors of Fuel Oil (POPEK), 3,000 to 3,500 of the 7,000 businesses will have to close their doors. In rural areas, the sharp increase in the use of wood for heating is an indicator of the impossibility of using oil for heating.

Arthouros Zervos, the CEO of the Public Power Corporation of Greece, revealed that 30,000 households or small businesses were subject each month to power outages as a result of nonpayment of their bills (which also include property taxes). The price of electricity has already been raised, and as of January 2013, there will be an additional increase of 40 percent, in two or three stages. This affects electricity to households and small businesses (which use a low voltage). As for the prices of public transportation (including bus, subway, tram, etc.), they will increase even more, as of March 2013, by about 25 percent.

On October 31, 2012, ELSTAT published statistics on retail sales. The collapse in food sales offers another illustration of the effects of the total capitalist crisis, of its specific characteristics in the heart of Greek society, and in particular of the repercussions produced by the “shock therapy” administered by the troika on the daily lives of a majority of the population.

In volume (in constant prices), the sales of foodstuffs have sagged by 5.5 percent in 2010 (compared to 2009), and by 6 percent in 2011 (compared to 2010).

The decline was accentuated in the course of the first eight months of 2012, compared to the same part of 2011. In August 2012, the volume of foodstuffs sold dropped by 8.2 percent compared to August 2011. If we take into consideration the volume of sales in the sector of food, drink and

tobacco, in August 2012 (compared to August 2011), the drop was 13.3 percent, and 14.9 percent for the clothing and shoes sector.

We see today the rise of the “people’s soup kitchens”; the distribution of food by various NGOs and solidarity initiatives; the search for food in trash cans; and the practice of barter (as happened in Argentina in 2001-02). Then there’s the “gesture” of supermarkets that put products past the expiration date “on sale”—in a “visibly separate” manner, according to the government’s recommendations. Along with this is the related drop in prices tied to the restructuring and streamlining of the supermarket sector.

These are some of the telltale signs that hunger is starting to torment a growing portion of the population.

IN AN article about the economic situation in Greece published by CNBC on November 9, Mohamed El-Erian, [3] the CEO of California-based PIMCO, one of the largest global investment firms on the bond market, spoke of the “lost generation” in connection with unemployment. He also highlighted “the risks of social instability” if new austerity measures were adopted. El-Erian does not have the soul of a social worker. He’s a specialist in financial risk.

On November 8, 2012, ELSTAT published its latest report on the unemployment situation in August 2012. In August 2011, the unemployment rate in Greece was 18.4 percent; in August 2012, it stood at 25.4 percent; the month prior, it had been at 24.8 percent. These figures—which underestimate real unemployment (including all the forms of underemployment and those who’ve stopped looking for work)—are going to follow a more markedly uphill path than that taken between June and August 2012.

Between August 2011 and August 2012, the number of unemployed workers grew by 38.4 percent, or 351,666 workers. Between July and August 2012, a period where the tourism industry has its greatest positive impact on employment, 23,442 people still joined the ranks of the unemployed. In August 2008, the number of employees stood at 4,562,311. In August 2012, that number was 3,726,663. The number of unemployed workers was 371,138 in August 2008, and 1,267,595 in August 2012.

The breakdown by generation gives a clear idea of the meaning of “lost generation.” In August 2012, 58 percent of young people between 15 and 24 years of age were unemployed, as were 32.9 percent of those between the ages of 25 and 34.

The spike in unemployment in the 45-54 and 55-64 age brackets is explosive and will have an impact, in the first instance, on their income (with unemployment benefits reduced), then on their retirements, leading to a rapid impoverishment of these layers of workers. Between August 2008 and August 2012, the unemployment rate for these two age brackets rose from 4.3 percent to 18.3 percent and from 3 percent to 14.5 percent, respectively.

To these figures, we must add the effects of the 12-month limit on payment of unemployment benefits. According to the figures of ELSTAT, at the end of the second quarter of 2012, 700,000 long-term unemployed workers were already without any income.

In 2013, we can see the contours of some important mass layoffs. The reorganization of the banking sector via mergers and closings will lead to some 20,000 layoffs out of a total of 56,000 employees. By April 2013, the process should be set in motion. The sums of money allocated for indemnities and compensations will be hit with a massively increased tax from now on. For example, a payout of 60,000 euros was not subjected to any taxes previously. But now, a severance package of 48,000

euros will be hit with a tax of 30 percent, and above 60,000 euros the tax will be 45 percent (it was previously 10 percent).

A number of important firms are settling their balance sheets, and the tendency is going to speed up in the months to come. So for example, NEOSET, the largest furniture company, active both in production and sales, saw its revenue from business inside Greece drop by more than 60 percent. On November 13, it filed for bankruptcy. It employs 1,014 workers in Greece. With business operations in several countries (Russia, Romania, Bulgaria, Canada, etc.), it has been playing the “Buy Greek” card these last few months. It wasn’t enough! The other main competitor in the sector, SATO, went under in October 2012.

IN THE public sector, the process of creating a “reserve army of labor” is in effect. In other words, some of the workers from the public central administration and from the municipalities are going to be placed in a “reserve” for one year, with a salary reduced by 25 percent. If no new position opens up within one year, they will be laid off without compensation!

The creation of the “reserve army of labor” is focused, first of all, on some 2,000 workers who entered the public sector by transferring their status as “privately contracted personnel” to that of public-sector workers, without going through the official selection process of the ASEP (Board of Governors for Personnel Selection). Thus, the workers being targeted are those who got a job through their political “connections”—which explains the reluctance of numerous municipal supervisors to send Minister Antonis Maniatis the initial list of workers who will start to fill up the “reserve.” The choice of the first target is intended to legitimize all the layoffs in this sector.

Thus, the veil has been placed over the massive restructuring of the public sector (elimination of various services, institutions, departments, etc.), which will take place in 2013, following the administrative reform plan imposed by the troika. The figure of 20,000 new “reservists” for 2013 has already been announced, without taking into account the generalized confusion that will be created by the election promises of the newly elected parliamentary representatives.

The application of the plan is a factor in the tension within the governmental coalition of the conservative New Democracy, PASOK and the Democratic Left. These future “reservists” also constitute a reserve of votes. The minister is insisting for now on those who will not be affected too much—for example, those whose spouses have taken an early retirement. The enumeration of these exceptions is part and parcel of the habitual political maneuvers that create division and confusion on the subject.

Thus, it has been announced that workers in the public companies that run water, electricity and railroads will not be affected by this “reform.” However, these companies are slated for privatization—with the effect that there will be a serious reduction in the overall number of workers at these companies.

To get a more complete picture of the labor market, one must know how to interpret the statement by Michalis Salaris, the secretary of the federation of workplace inspectors. In September 2012, he reported that more than 400,000 workers were paid at least three months late in 2011. This number will certainly have ballooned in 2012. In addition, the practice of employers paying only part of the wages owed—when faced with imminent bankruptcy—is spreading.

What about “independent” workers (the self-employed)? According to Antonis Kourkoulis, the head of their organization, around 40 percent of them cannot pay their contributions to their own retirement fund and health insurance—a prelude to future social catastrophes.

The threat of unemployment is going to exert enormous downward pressure on wages. Olli Rehn, European Commissioner for Economic and Monetary Affairs, is delighted by the “success” of the decrease in labor unit costs of 15 percent in 18 months. Let’s examine the “insignificant effects,” from the commissioner’s point of view, of such a decrease on a supposed revival of “competitiveness” in Greece, where the portion manufacturing jobs out of all employment went from 13 percent in 2002 to 9 percent in 2012.

For now, it’s more useful to have a more concrete picture of the situation. The new “austerity package” sets the minimum wage at 510.95 euros net per month for a worker under 25 years of age. Let’s suppose that this young worker actually finds a job. He has a right to a raise of 10 percent every three years. After nine years of work, he will have a net monthly salary of 660 euros. The net minimum salary of those aged more than 25 years will be 586.08 euros per month. Every three years, likewise, they have the right to a raise of 10 percent. After nine years, they will reach the heights of 761 euros net per month.

A little calculation: 510 euros for four weeks of 40 hours, comes out to 3.187 euros per hour. However, at the present moment, employers are hiring workers for part-time jobs so they don’t have to pay into the system of social benefits. As for the part-time workers, they won’t have the good fortune to get unemployment benefits. The minimum wage is decided by the Ministry of Labor, and this rule will be in effect until unemployment falls below 10 percent.

In a report published on November 2, 2012, ELSTAT estimated the number of people living below the poverty line at 2.34 million. In 2010, the poverty line was defined as 60 percent of the median salary, which, incidentally, has dropped since that date of reference. For the year 2010 by itself, 5 percent of the population saw their real income fall below the 2009 poverty line, joining the 20 percent of people who were already there.

Thus, it is certain that the number of people living below the poverty line in 2012—often well below that line—will grow to some 3.3 million people. Poverty takes an even greater toll on children under 15 years old (in terms of household income, particularly single-parent homes) and on people aged 65 and older. [4]

The destruction of the “social fabric” has been set in motion. For the moment, the socio-political mobilizations are standing in the way of the explosion of exacerbated tensions (which already existed) between the various “fragments” of the society, and the fear of “the unknown,” which is taking hold of certain parts of the population.

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P.S.

* January 9, 2013: <http://socialistworker.org/2013/01/09/greeces-social-fabric-unravels>

* Translation by Brian Chidester.

Footnotes

[1] [[November 17, 2012 marked the commemoration of the 39th anniversary of the student

uprising of November 15-17, 1973, at the Polytechnic University of Athens, against the dictatorship in power at the time—and above all, against the regime’s bloody repression of the revolt with the use of army tanks, leaving 24 dead and more than 886 arrested. This uprising was an important moment in the fall of the dictatorship in 1974. A unifying slogan was: “Bread, Education and Freedom.”

Several thousand people, students among them, demonstrated on November 17, 2012 in Athens, also proclaiming their solidarity with the people of Gaza.

The Nazis of the Golden Dawn deny, in spite of the numerous historical studies published since then (among them, those of the Institute of the National Center for Research) that the tanks and the dictatorship killed the students. This denial is an essential part of Golden Dawn’s political identity.

Part of the right-wing press conveyed the message that some of the students involved in the uprising subsequently made their careers in PASOK, the Greek acronym for the center-left Socialist Party. Those on the right simply continued their careers on the bandwagon of conservative politician Konstantinos Karamanlis, who became prime minister again in July 1974, after the fall of the dictatorship.

[2] The “troika” is comprised of the European Union, the International Monetary Fund, and the European Central Bank.

[3] Mohamed El-Erian spent 15 years working at the International Monetary Fund before he took a position at PIMCO in 1999. On December 26, 2012, Barack Obama named him chairman of the Global Development Council.

[4] See the study by Manos Matsaganis and Chrysa Leventi, September 2011, ETUI Policy Brief, No. 5, 2011.