Social effects of the economic crisis and social solidarity in Greece

Dimitri A. Sotiropoulos, University of Athens

Conference organized by the Master’s Degree “European Social Policy”

University of the Peloponnese

Corinth, 17 May 2013
Outline of the presentation

• The economic crisis and its mismanagement.
• What were the social effects of the economic crisis in Greece in the comparative perspective of Southern Europe?
• Social solidarity: is civil society replacing the welfare state?
• After the crisis is over, what kind of Greek society will emerge on the other side?
Sketch of an explanation of the economic crisis

• After transition to democracy (1974), a thirty year long set of legacies of state-dependent economic development, patronage-based organization of the state and polarized political culture.

• In 2008-2010, coincidence of incomplete project of the Economic and Monetary Union (EMU) with global financial crisis and unsustainable Greek ‘variety’ of capitalism. Thus, the crisis in Greece.
Panicked and socially unfair management of the crisis

• Strict austerity policy, raising taxes, cutting public spending and depressing public sector wages in order to curb budget deficit. Should have been accompanied by structural reforms and enlargement of tax base.

• Until 2013, failure of structural reforms and tax base enlargement. Further cuts, including lowering minimum wages in the private sector. Five-year long economic depression.
<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>7.7</td>
<td>24.7</td>
</tr>
<tr>
<td>Italy</td>
<td>6.7</td>
<td>10.6</td>
</tr>
<tr>
<td>Portugal</td>
<td>8.5</td>
<td>12.9</td>
</tr>
<tr>
<td>Spain</td>
<td>11.3</td>
<td>25.0</td>
</tr>
<tr>
<td>Country</td>
<td>2008</td>
<td>2011</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Greece</td>
<td>20.1</td>
<td>21.4</td>
</tr>
<tr>
<td>Italy</td>
<td>18.4</td>
<td>19.6</td>
</tr>
<tr>
<td>Portugal</td>
<td>18.5</td>
<td>18.0</td>
</tr>
<tr>
<td>Spain</td>
<td>19.6</td>
<td>21.8</td>
</tr>
<tr>
<td>Country</td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td>--------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Greece</td>
<td>-4.4%</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Italy</td>
<td>0.0%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Portugal</td>
<td>-1.4%</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Spain</td>
<td>-0.3%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>
Deepening social cleavages

• Economic elites vs. the masses.
• Securely vs. precariously employed.
• Public sector vs. private sector workers.
• Liberal professionals, SME’s owners and self-employed vs. salaried strata (i.e., non-tax payers vs. tax payers).
• Foreign migrants vs. Greeks.
NGOs replacing the welfare state?

• Since 2010, sharp decrease in state funding channeled to NGOs.
• Social solidarity NGOs shifting their focus from migrants to native citizens in need.
• Emergence of new, often informal groups offering welfare services.
• New links between NGOs and state-funded organizations (municipalities, the Church)
NGOs in the wake of the crisis (I)

• Social solidarity networks at the local level: self-help groups exchanging goods and services. In 2012, at least 22 such networks in 17 cities.

• Networks collecting food and giving to NGOs or directly distributing food which is left over at restaurants or households. Examples: the ‘Mporoume’ (‘We can’), ‘Love Cooking’ and ‘Desmos (‘Tie’) networks. Sometimes, links to local parishes.

• NGOs providing basic services to the homeless, such as temporary shelters, food, blankets and medicine. Examples: the ‘Klimaka’ and ‘Praksis’ organizations.
NGOs in the wake of the crisis (II)

- ‘Social infirmaries’ (‘koinonika iatreia’), emerging in December 2011 – December 2012, staffed by voluntuers (doctors and nurses). At least 33 social infirmaries in 29 cities, among which 7 infirmaries in Athens and 4 in Thessaloniki.
- Also 14 'social pharmacies' in 14 cities.
- Municipal authorities usually providing the necessary office space and furniture.
NGOs in the wake of the crisis (III)

- The Greek Orthodox Church: daily soup kitchens, social care for the elderly (services available in the pre-crisis period, but now multiplied and more systematically organized).
- Atenistas: founded in 2010, in Athens. Replicated in 11 other Greek cities. 50 activities in charity work, environmental protection community work. 50 thousand Facebook supporters.
- Not-for-profit foundations engaging in charity work: distributing funds and goods to NGOs.
<table>
<thead>
<tr>
<th></th>
<th>Participating in voluntary activities 2011 (EU-27: 24%)</th>
<th>Contributing money to a public benefit cause (2011)</th>
<th>Contributing time to a public benefit cause (2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>14%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Italy</td>
<td>26%</td>
<td>33%</td>
<td>14%</td>
</tr>
<tr>
<td>Portugal</td>
<td>12%</td>
<td>21%</td>
<td>10%</td>
</tr>
<tr>
<td>Spain</td>
<td>15%</td>
<td>24%</td>
<td>18%</td>
</tr>
</tbody>
</table>
Doubts about civil society replacing the welfare state during crisis

• Undoubted increase in social sensitivity of citizens, offering goods or services to other citizens in need.
• Flourishing informal groups and networks in social solidarity.
• However, immense size of social problems (e.g., more than 1,300,000 unemployed, unknown number of homeless in large cities). Impossible for new, uncoordinated, overlapping NGOs, groups and networks to manage social effects of the economic crisis.
• Replacement of welfare state by civil society neither feasible nor desirable.
What kind of Greek society will emerge on the other side (I)

- Difficult to predict, but we may see:
  - Shift to employment in rural areas (not necessarily in agriculture).
  - Increase in employment in tourism, transport business and other services.
  - Increase in uninsured work? (already estimated at 30% of all employed)
  - Increase of precarious work.
What kind of Greek society will emerge on the other side (II)

• However, we may also see the rise of:
• More informed Greek citizens, conscious of the constraints, risks and opportunities of the European and global economy.
• More concerned Greek citizens, ‘liberated’ from their demand for public sector jobs and unwilling to tolerate any further political patronage, corruption, tax evasion and dissipation of state resources.
• Acknowledgement of research assistance by junior ELIAMEP researchers D. Bourikos, G. Gleoudi, Nt. Karyidi, M. Vellianiti.

• And thank you for your attention.