

Changing face of Greece's middle class

Books, clothes now luxuries; bartering emerges in place of scarce money



BY HIMAYA QUASEM

TELEVISION journalist Katerina Polizou works two jobs and is looking for a third. She and her husband fear they could lose their home after their salaries were slashed by €1,000 (\$\$1,700) each.

Their 25-year-old son has dropped out of music and film studies at university to join the police force for better job security. "My greatest fear is for tomorrow, will I still have a job tomorrow?" Ms Polizou said. "Everything is very insecure."

As Athens prepares to make deeper spending cuts in exchange for a €130 billion bailout to avert bankruptcy, the Polizou family represents the new face of Greece's middle class.

Books, new clothes, even flowers, are

considered luxuries as pay cuts bite deep. Whole families are out of work. As money grows tight, barter networks have sprung up. Skilled professionals are in a grim race for the exits. Those who cannot leave bemoan their fate and continue to work in jobs that pay less – and in this new Greece, they are the lucky ones.

Unemployment is at 21 per cent and rising, the economy is expected to shrink by up to 6 per cent this year and 150,000 public sector jobs could be lost if the government pushes through austerity measures that would slash the minimum wage by a fifth.

Adding to the misery is a hugely unpopular new property tax. Levied through electricity bills, it means a family's power supply can be cut off if they fail to pay.

Ms Polizou, 47, has paid €2,500 to cover the tax for six months, money she had to borrow from a bank at an eye-watering interest rate of 19.5 per cent. She and her husband, a technician at a radio station, are also trying to renegotiate their mort-

gage, otherwise they will lose their house.

"The taxes are really hurting the poor and the middle class," she said. "But there are still cases where the very rich are getting away paying very little."

Ms Polizou blames Greece's problems on a culture of tax evasion coupled with government corruption and the failure of euro zone nations to react quickly when the first signs of the crisis emerged. For years the country was awash with untaxed "black money".

The middle class is thought to make up 30 per cent to 50 per cent of the Greek population. Most of its members own their homes and it is not uncommon for the upper-middle class to also own holiday villas or plots in the countryside.

But the cherished middle-class lifestyle is fast disappearing as surgeon Mouloudaki Eleftheria, who practises in a private clinic, attests. Her pay has plummeted €3,500 to €1,700 this month, barely enough to cover her mortgage. The surgeon has been forced to live off her life savings. Things could get worse. She and her sister, who is a florist, have an 87-year-old mother to support.

"The flower shop will close soon," Dr Eleftheria said. "People don't have enough money to buy food. How will they buy flowers?"

She volunteers at a free clinic in Crete, where many of her patients are Greeks suffering from heart disease, high blood pressure and diabetes. They can no longer afford medical insurance and flock to the clinic to pick up free drugs.

The surgeon – who has volunteered in Uganda and Somalia – tries to make do with a limited stockpile of medication donated by pharmaceutical companies and bereaved families who no longer need it. But she finds it difficult to conceal her disgust at the state her country is in.

"In Uganda, I worked in a hospital where they had little medicine," said Dr Eleftheria. "I never thought I would see a situation like this in my own country. Things are very, very bad."

As life in Greece grows tougher, the doctor has toyed with the idea of moving abroad. But at the age of 54, her options are limited. Countries such as Canada and Australia want younger medics, she told The Straits Times. Other white-collar workers face no such hurdles. Last year, 2,500 Greeks left for Australia, news reports show. Many of them were engineers, architects or teachers.

"We could be seeing a potential brain drain," said Dr Vassilis Monastiriotes, a senior lecturer in the political economy of south-eastern Europe at the London School of Economics. "But it's too early to know its extent."

One thing has become clear, however. Wage cuts and tax hikes are eroding the very fabric of Greece's middle-class.

Unlike countries such as Britain, Greece has not had a problem with whole families being out of work, even among the low-income sections of society.

This is partly because the state employs large numbers of people and many Greeks are self-employed. "But now we are seeing more and more families where everyone is unemployed, even middle-class ones," added Dr Monastiriotes. "This is something new."

Sharing the anxieties of the pinched professionals are the elderly who had never contemplated such upheaval in their sunset years. Ms Erasmia Kontara and her husband Dimitris Anagnostou are retired high-school teachers in their 60s whose pensions have shrunk as the government tries to reduce its debts.

As employees of the state, the couple say they have never avoided tax and have regularly paid into their retirement fund. Now they fear their monthly pension income could be slashed from €1,200 each to no more than €500 between them. With the public health service on the wane, they fear they will not be able to pay for future medical care.

But even in Greece's hour of darkness, a spirit of solidarity prevails. Charities and community groups run soup kitchens for the hungry, and clothes are donated and distributed at free exchanges.

Bartering networks have also become a hit with those looking for a new, more honest way to trade.

"Money is not a safe thing, it is not reaching people on a monthly basis," said Mr Juan Etxenike, 38, a freelance web programmer who lives in Crete. "This (bartering) system can provide me with goods and services without the need for money, which is becoming scarce."

hquasem@sph.com.sg
See Review, Page A27



Dr Eleftheria (left) and a colleague carrying a box of supplies for a free clinic for the needy in Crete that they volunteer at. PHOTO: COURTESY OF MOULOUDAKI ELEFHERIA

Community spirit amid the gloom

AS GREECE'S welfare state crumbles under the pressure of deeper public spending cuts, community groups are rushing in to fill the gap.

One in five Greeks is languishing below the poverty line and charity workers in Crete speak of a sense of solidarity among ordinary citizens keen to help.

Mr Nick Kartsonakis volunteers for The Social Kitchen, a group that dishes out free food to the poor and homeless.

He said the number of people coming in has grown by a fifth since the group started work last June. For many, it is the only source of nourishment.

The food is donated by bakeries, butchers, schools and ordinary residents. "We are a group of people in solidarity," said Mr Kartsonakis, 49, who is a Greek citizen and works as a supervisor at a US navy installation in Crete.

In a more high-profile show of sympathy last week, Greek President Karolos Papoulias said he was giving up his annual €400,000 (\$\$670,000) pay.

But as the country enters its fifth straight year of recession, it is the

ordinary volunteers who are left to pick up the pieces.

Ms Maria Tselepi, 43, is an English teacher who helps out at the Social Immigrant Haunt, an organisation that supports the homeless in Crete. These used to be mostly foreigners, but the debt crisis has changed all that.

"After (the economic crisis), more and more Greek people have been rendered homeless," she said. "This is the largest difference. More families and lonely old people, mostly male, are on the streets."

Ms Tselepi is on a team that distributes blankets, stoves and clothes, donated by the public, to the homeless in her area. In the past two years, the crisis has left 20,000 Greeks without a roof over their heads.

While the enduring sense of community spirit in Greece is helping many, there is a darker side to the economic chaos. The suicide rate surged by 40 per cent last year and there have been reports of a rise in far-right groups physically attacking immigrants, who have become the inevitable scapegoats for the nation's woes.

HIMAYA QUASEM



Mr Anagnostou and Ms Kontara are worried their monthly pension of €1,200 (\$\$2,000) each could be slashed to no more than €500 between them. PHOTO: COURTESY OF KATERINA ANAGNOSTOU

Years of economic hardship ahead for Greeks

ATHENS: Greeks were torn between relief and foreboding on the news that their country had received a new massive bailout: While the aid will protect them from a calamitous default and keep them in the euro bloc, it will also cost households years of economic hardship.

And even with investors and central bankers chipping in to relieve the debt burden, economists concluded that Greece may again fail to deliver promised reforms amid a fifth year of recession, looming elections and social unrest.

In a sign that things are not bound to get any better soon, the ratings agency Fitch initiated the first in a series of ratings cuts that Greece can expect, after it negotiated the biggest sovereign debt restructuring in history.

Fitch lowered Greece's credit grade by two levels to C from CCC, saying a default is "highly likely in the near term".

"I don't see (the agreement) with any joy because again we're being burdened

with loans, loans, loans, with no end in sight," Athens architect Valia Rokou said.

The deal in Brussels gives Greece its second financial lifeline in less than two years – a combined package of foreign loans equivalent to about €22,000 (\$\$36,700) for every Greek citizen, children included. National debt already amounts to about €32,000 each.

Banks, pension funds and other private investors are also being asked to forgive some €107 billion of the total €206 billion in devalued Greek government bonds they hold.

"It's not every day that €100 billion in public debt is written off, or loans for €130 billion agreed," Ta Nea newspaper said in an editorial.

"There will be new sacrifices and difficulties, particularly for middle and lower earners. We must hope that this new period will become an opportunity for growth and better prospects."

The country's unions, however,



Pensioners marching in an anti-austerity rally in front of Parliament in Athens yesterday. In accepting the second bailout, Greece has agreed to further austerity measures. PHOTO: REUTERS

fiercely oppose further austerity measures that accompany the second bailout, and have called for further protest rallies. Many have turned violent, and extensive rioting last week saw dozens of businesses in central Athens burned and looted.

In return for the new cash, Greece signed up to cuts in pensions, the minimum wage, health-care and defence spending, as well as layoffs of state employees and asset sales. It must implement those austerity measures with unemployment already topping 20 per cent, meaning more retrenchment might end up only compounding the debt stress.

"The danger of Greece saving itself into economic depression and having to default and exit the common currency zone remains substantial," said Ms Christian Schulz, an economist at Berenberg Bank in London.

WASHINGTON POST, BLOOMBERG, ASSOCIATED PRESS