

## **In Greece, decades of debt cast uncertainty over the future of the young**

*Three years ago a 700 euros per month average salary marked Greek youth as immobile and frustrated. But with ballooning public debt and waves of austerity cuts crashing in, 700 euros is starting to look very optimistic indeed.*

ATHENS June 2010 By Katherine Dunn

“Don’t drink that so fast.” Liza Koutra leans back in her chair, gesturing with a hand rolled cigarette at the tall iced latte, a summer favourite among Athens’ sidewalk cafes.

On a tiny avenue lined with tables, young people smoke and play backgammon over espresso and coffee. From across the street, the clamour of gyro stands and motorcycles drift through the air.

Athens at night is lively, loud, and young. Its full cafes and crowded streets draw a sharp contrast to the picture of young Greeks painted over and over again – directionless, frustrated, angry. No jobs and no opportunity.

Liza, a 22 year old geography student at a small Athens university, has seen this frustration first hand. When she finishes her degree this winter, she does not know what she will do. She sees few opportunities here but is reluctant to leave her home city for good.

But for tonight, she takes another pull on her cigarette and surveys the crowd. Even in the midst of protracted recession, the young people still go out. “A cup of coffee can last all night,” she says with a shrug.

### **700 Euros for the lucky**

But the busy nightlife of Athens only partly conceals a most inconvenient truth. Greece is in the midst of a profound period of financial and social unrest, and the young people know it. They make up one of the most vulnerable segments of Greek society, and as waves of austerity cuts roll through the country, their employment opportunities appear to

be in free fall.

While the general unemployment rate was 11.6% in March of this year, unemployment among youth aged 15 to 24 is at 29.8%, according to the National Statistical Service, and 15.2% for those aged 25 to 34, up from 12.7% the previous year.

But Greek youth say their problems are not limited to unemployment, nor are they new. In January 2007 a group of 7 young graduates coined the term “the 700 euros generation”, referring to the average monthly wage for a young person in the private sector. After social security payments, the number came to around 596 euros per month, rarely enough for a young person to afford to live on their own.

Even then, 700 euros was often a salary for the lucky. Underemployment is a hidden statistic, according to Theodore Karaoulanis, the Vice President of the Hellenic National Youth Council. For those 24 and under, only 30% have full time jobs.

And in a recent study completed by Friedrich Schneider, an economist at the Johannes Kepler University of Linz, Greece’s “shadow economy”, or black market, was estimated to make up 25% of the Greek economy. G700, the group that emerged from the “generation 700 euros” estimates that 50% of young people work within the shadow economy. They do not pay social security payments – but also do not receive work benefits, job security, or contribute to their pensions.

### **Hopes and dreams postponed**

But while young people were plagued with unemployment and poor work salaries and conditions three years ago, the situation has undoubtedly worsened.

In December 2009 Prime Minister George Papandreou shocked the country by announcing that his predecessor had hid the full scale of Greece’s public debt. In fact, weighing in at 12.7% of the GNP, it was over four times the permitted level within the EU.

Cuts were immediately announced, but by the spring the government had requested

emergency loans from the IMF and EU governments to get their dangerous debt under control. They were granted a 110 billion euro loan – with strings attached. A new set of austerity cuts began.

The current wave of cuts include reforms to social security, a public sector hiring freeze, and an increase in the retirement age from 61 to 63. They also include an increase in sales tax from 19 to 23% and a 10% increase on fuel, alcohol and cigarettes.

Collectively, they will amount to a 20 to 30% cut on take home pay for the average Greek, according to Jens Bastian, a German economist at the Hellenic Foundation for European & Foreign Policy (ELIAMEP). But the extent of the damage shouldn't come as a surprise, he says.

“This is a country which until recently had lived in denial. In a collective sense that this ‘spending as you go’ can continue, unchecked,” he says. “That the idea, we are in debt as a government but we can continue refinancing ourselves because we are a member of the Euro zone and interest rates are low, means that we don't have to face a day of reckoning. That's finished.”

But the cuts have not gone down easy. Since the beginning of May, when the cuts were announced, the streets of Athens and Thessaloniki have held host to tens of thousands protesting the cuts. On May 5, riots reached a violent climax when three bank workers were killed after a Molotov was thrown in the window of a downtown bank.

But while the protests have cut across party and economic lines, the G700 insists it is the young people who have the most at risk.

“Their hopes and their dreams have to be postponed,” says Evagelia Chita, the lawyer for the group.

They face the threat of increased unemployment and reduced opportunities after graduation. Many young people say they are considering leaving the country, a phenomenon which has been on the rise among university graduates since the 1990s.

But the real problem they face is effectively a ticking time bomb – the country’s pension plan.

While older people are striking to keep their current pension agreements, “as we see it now, young people will not get any pensions,” says Karaoulanis. “Even with the bigger changes that are happening now, we cannot guarantee that the system will be viable 35 years later.”

For young people, the pension system is effectively bust. Karaoulanis attributes this, in part, to a lack of “inter-generational solidarity” where older people and younger people need very different things.

“Greek society is very frightened, very angry, and there’s no hope,” says Karoulanis. “And if this is true one time for olders, it’s virtually ten times for youngers.”

### **Recovery at the roots**

While many have called the austerity cuts draconian measures that will push the country beyond recovery, others see them as a necessary evil that could get the country’s finances back on track.

But few think that opportunities for young people will increase unless mass structural change occurs. Government programs to pay for the social security of new hires for the first year are good steps, say the G700 group, but they’re not enough.

Jens Bastian says he hopes structural reforms to “closed shop” professions – self-employed workers like taxi drivers and doctors who are notorious for fudging their incomes to avoid paying taxes – will send a hopeful sign to young people that their fortunes will change.

“In my view, in a personal assessment of it, it’s the best thing that can happen to Greece.”

Clamping down on the shadow economy and tax evasion is seen as necessary to restore

the country's pension plan. Corruption is also rampant among the public sector and politics, which are habitually marred by scandal. Bribery is so common that the "cost" for certain items, such as a driver's license or a medical operation, are well known.

And many Greeks point to low investment – just 0,5% for research and development in 2008 – as a crucial flaw. While 1 in 5 Greeks work in the tourism sector, those who return with advanced university degrees often find there is nothing for them to do. Greece is a service based economy, and imports are drastically higher than exports.

The change needed to turn around Greece's financial troubles is, by all accounts, immense.

### **A need for hope**

It's Monday afternoon, and Liza is nursing another cup of coffee, at a student cafe on the fringes of Exarhia, the downtown neighbourhood famous for playing host to students, anarchists, and frequent demonstrations. She is not sure what will come next for Greece, or for her.

"Actually, I don't really know myself what has to change because there are so many things that are wrong," she says. But she carefully rejects the lack of hope she says she sees so often among Greece's young.

"I think that if you believe that things won't change, they will never change."

The graffiti that surrounds her, a vast collage of scrawled anarchist signs and carefully planned spray paint murals, echo her hope and confusion. Along one wall, a message is scrawled: "THE FUTURE IS NOW."

A day earlier, in a mostly deserted cafe set in the shadow of some of Athens' most exclusive hotels, Theodore Karaoulanis sips his coffee, observing the grandeur around him.

"It's time for a change. We all have to change," he says quietly. "I hope we make the right choice."

### **Six Months Later: December 2010**

The name “Generation 700 Euros” officially no longer applies to Greek youth.

Not long after, the Greek government lowered the monthly minimum wage to 590 euros from 700 euros, in order to encourage the hiring of young people.

But unemployment for the young has not improved as the impact of extensive austerity cuts sinks in. By October 2010, unemployment was 35.6% for youth aged 15 to 24, and 18.3% among those aged 25 to 34, according to the national statistics agency.

Brain drain, too, has allegedly been on the rise. A survey commissioned by Greek newspaper *To Vima* spoke with more than 5000 college graduates aged 22 to 35 through June and July 2010, according to *BusinessWeek*. More than 74% said they would emigrate from Greece if they had the opportunity.

December brought more general strikes and protests. During a riot on Dec. 15 in downtown Athens, the former development minister was attacked and bloodied.

For their new years address, members of the Generation 700 group wrote on their website that a “hellish” 2011 was expected. Further austerity cuts are expected, and needed, to prevent the government from defaulting on emergency loans from the EU and IMF. In June, the group said enormous change would be needed to fix Greece’s most pressing financial problems, and the structural ones which young people must face. Now, they say they hope to help co-found a new, modern Greece.