Chapter 1

Eurocrisis and Beyond: Social and Political Consequences on Greece

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ABSTRACT

Eurocrisis can be considered the most remarkable challenge to the EU since it was founded by the inner six countries. There is no doubt Eurocrisis has a structural effect on Eurozone countries especially Greece. However, the social and political consequences of Eurocrisis are the most ignored dimension of crisis. In order to understand the long term effect of Eurocrisis and its implication on the EU multi-level governance, a brief analysis of social and political effects of Eurocrisis is crucial. That’s why this chapter will analyze how Eurocrisis affected the political atmosphere of Greece and Greek people’s daily life.

INTRODUCTION

Humbris, Ate, and Nemesis are three minor Greek deities, mostly remembered today for their function in ancient Greek drama. Hubris symbolizes arrogance, and deviation from virtue. Ate refers to an act of folly, a direct consequence of hubris, which provokes the wrath of gods and precipitates their intervention. Nemesis is the retribution of divine justice—painful, but necessary to restore world balance and order. The ongoing, multifaceted crisis that has torn apart Greece’s economy and society since October 2009 can also be approached through the lens of this tragic classical trio. (Grigoriadis, 2011)

Nowadays, Greece and islands have lost its image as a holiday dream of people. There is a famous photo which was taken in Athens at the beginning of 2013 showing tens of people trying to catch just a pouch of apple. There were lots of photos taken in Greece after the Euro-crisis emerged; however, it is probably the most catastrophic and provocative. Unfortunately, they would be remembered just like the photos from post WW2 times. Since 2009 when the first Greek government announced its bankruptcy, Eurozone countries and especially Greece were shaken economically, socially and politically. IMF and EU initiated a bailout plan for Greece and just one year after bankruptcy, the first austerity measures were declared by government
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and other austerity initiatives followed. Whether austerity would be a solution to the crisis or not, there would be long-term consequences.

Until now, most of the scholars and journalists generally focus on the economical dimension of crisis and structural dispose of post-crisis for European Union and Greece itself. However, while crisis deepened, a key question arose “what about social and political consequences of crisis in Greece?” In other words, how we can interpret “austerity, rates, debt crisis and others in terms of society and politics?” Each day, agencies publish protest videos and photos from Athens to Thessaloniki. It seems Eurocrisis started to turn into social crisis which is characterized by social unrest and gap between social classes.

Not only social movements but also the political atmosphere is problematic in Greece. Throughout Modern Greek history, extremity in political life has been experienced. Numbers of coups, kingdom and dictatorship periods are still remarkable. Interestingly Greece’s political patterns responded to crisis through rising popularity both in the right and left wing.

Today, Greek people live in extremely bad situations and it seems it will be longstanding for them. That’s why this paper will examine social and political consequences of Euro-crisis in Greece. I will analyze them under two dimensions; social and political. First I will give what changed in Greece after Euro-crisis. Secondly, effects of Euro-crisis on Greek society and third part will be about how political atmosphere has been affected by Eurocrisis. In the last part, there will be a comprehensive analysis of the impact of Euro-crisis on Greek people.

WHAT CHANGED IN GREECE SINCE 2009?

European societies typically assume that humanitarian crises only take place in the aftermath of natural disasters, epidemics, wars or civil conflicts. That such a crisis could happen in a Euro-

Everyone expected impacts of the 2008 global financial crisis on countries all over the world. However, no one expected such an early and intensive effect within the Eurozone which had already shown signs before 2008 especially Ireland, Greece and also Spain. Throughout 2000’s, Greece showed fast growth in terms of GDP but with increasing deficit in public debt which was ignored by both EU and Greek government. On 18th October 2009 George Papandreou’s new socialist government declared a huge deficit in the public budget. He admitted that the budget deficit would be double the previous government’s estimate. This announcement was followed by downgrading of Fitch, Moody’s and S & P. Unfortunately, social democrat Papandreou chose a neoliberal solution to crisis. The New Year thus came with a strict austerity plan. March 2010 marked the first austerity plan which included an increase in VAT and cigarettes and alcohol while they cut pensions and civil servants pay. 2010 continued with bailout plan by IMF and Germany however in the April 2011, EU Commission announced that Greek economy was getting worse and the budget deficit rose to 13.6% of GDP. So, April 2011 came to be called the “Second Greek crisis.”

Second austerity plan was launched by government with more increment of taxes and cutting of public spending. After second austerity plan, the situation of Greece was getting worse for Greek people because at the same time EU finance ministers postponed bailout package for Greece. In other words, Greece almost collapsed.

The timeline of Eurocrisis went much more relatively positive events for Greek government. Although EU leaders accepted bailout package, for Greek people the scenario did not go like that, Germany and IMF insisted on continuing austerity measures. Cuts include 22% off the minimum wage, 15% off pensions and 15,000 public sector jobs. Unemployment rose to 21%, a new record,
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