

# Greece's future is now one of creeping austerity aimed at macroeconomic survival at the expense of social and individual welfare

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*Is there any way for Greece to solve its crisis? [Dimitris Venieris](#) argues that the rescue packages imposed by the European Union and the International Monetary Fund have broken down social protection, job opportunities and labor rights in Greece. He concludes that the future of the country is 'heart-breaking', and that the vision for a 'European Europe' is dying.*



In 2010, an unprecedented recession combined with a highly embedded, distorted political economy produced an overwhelming debt crisis in Greece which continues to this day. This has resulted in the urgent international plan monitored by the European Union (EU) and the International Monetary Fund (IMF) which has enforced huge austerity and immense deregulation. The Greek crisis reflects a socio-political deadlock which has resulted in the economic and fiscal collapse. Statism, rigged markets, political inertia, individualisation, corruption, tax evasion, disorganisation, unaccountability and irrationality are the prevailing features of the national pattern. In this context, the prevalence of old-fashioned and diverging peculiarities is also the main reason for the underdevelopment of the social policy arena in Greece.

A major part of the current deadlock in Greece is associated with the failure of the social policy system to accomplish its mission in social, economic and political respects. It is a system that reproduces unacceptable levels of injustice and inefficiency, one that is barely influenced by the vision or the capacity of the [European Social Model](#). It is an overwhelmingly [clientelistic](#) system based on public resources and on insurance benefits according rather to political than contribution criteria. It is a social security mosaic granting privileges to powerful groups and offering very poor protection to the less advantaged. It is a contested kind of anti-citizenship which is based on sociopolitical status, and neglects equalizing rights, preserving social exclusion and unfair distribution.

In this embarrassing context, the troika's

(the European Union, IMF, and the European Central Bank) austerity 2010-12 supranational 'aid plan' is one of severe income reduction in Greece, combined with considerable tax increases irrespective of the ability to pay, and mounting unemployment irrespective the absence of unemployment protection. This plan is largely imposed by blind horizontal cuts reproducing alarming social inequalities as well as serious deficits of political legitimacy. This plan exposes not only the institutional, political and economic weaknesses of Greece but also the limits of EU coordination and the limitations of the Eurozone venture. Moreover, it diminishes Greece's national economic sovereignty and exposes the weak capacity of democratic politics and procedures in front of the unaccountable international markets.



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In the social policy field, the role of the international intervention in deteriorating social rights and welfare provisions is astonishing. The most significant impact is on cash benefits –mainly in pensions, the one and only substantial social provision. Even minimum and minimal pensions have been severely cut -70 per cent of pensions are at the minimum level. In health, where the deficits are one major reason for bankruptcy, spending cuts of around one third are underway in a collapsing National Health Service which faces patients' increase also by one third. In social assistance (which is less than 10 per cent of social spending), there has been an overall reduction in meagre benefits and drastic means-testing has also diminished provision. In industrial relations there has been an overall deregulation -the abolishment of minimum earnings and collective agreements, the enforcement of dismissals in the public sector, the devaluation of employment standards.

This is a violent anti-social reform with huge politico-economic implications. It has increased poverty by up to 28 per cent and unemployment by up to 25 per cent. It extends inequality and injustice; it curtails the already poor social services, and abandons hard-won social rights. The argument is for improving economic efficiency and for increasing productivity by cutting social expenditure and welfare institutions. The main victims are of course the most vulnerable groups –those weaker in the society, those who are low paid or excluded from the market. The underdeveloped Greek social policy 'paradigm' is being crudely overthrown according to the market's imperatives and to the preconditions of international loans, and not according to boosting social need. There is now an urgent need for a twofold social intervention taking into account both limited economic resources and large social problems – on the one hand, with a social policy granting basic social provisions in terms of minimum income, health and education, – on the other, by a social strategy redistributing non-material resources in terms of power, access, opportunities and citizenship rights.

The national turmoil in Greece and Europe, and international confusion have provoked poverty and promoted unrest. This is the outcome of the urgent anti-social policy enforced during a period of economic and political bankruptcy, as well as of a backlash of social relations and rights. This is the new policy pattern, a kind of creeping austerity policy aimed at macroeconomic survival at the expense of social and individual welfare. This kind of social deconstruction is enforced after all, by the EU and the IMF directives which diminish incomes, social protection, job opportunities and labour rights. On top of all this pain is that there is a certainty for further income and rights' losses. People in Greece are

experiencing a violent and dramatic fall in both living standards and in life chances.

Ten years after Greece's inclusion in the Eurozone, the future of the country is heart-breaking and the vision for a 'European Europe' is dying today. The reforms have been imposed on Greece by the EU and the IMF and are harshly implemented by unstable governments. This strategy aims to create a humiliating internal devaluation by reducing wages, labour costs and social benefits and by increasing taxation and recession. The immediate result at the national level is immense poverty and socio-political upheaval. The ongoing impact at the European level is threatening European integration and political and economic solidarity.

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*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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