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Depression Deepens Greek Middle Class Despair With Crime

By Oliver Staley

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Anastasia Karagaitanaki, 57, is a former model and cafe owner in Thessaloniki, **Greece** (<http://topics.bloomberg.com/greece/>). After losing her business to the financial crisis, she now sleeps on a daybed next to the refrigerator in her mother's kitchen and depends on charity for food and insulin for her diabetes.

"I feel like my life has slipped through my hands," said Karagaitanaki, whose brother also shares the one-bedroom apartment. "I feel like I'm dead."

For thousands of Greeks like Karagaitanaki, the fabric of middle-class life is unraveling. Teachers, salaries slashed by a third, are stealing electricity. Families in once-stable neighborhoods are afraid to leave their homes because of rising street crime.

Karagaitanaki's family can't afford gas to heat their home this winter and will rely on electric blankets in the chilly northern Greek city. They live on the 785 euros (\$1,027) a month their mother collects monthly from their late father's pension. Two years ago, Karagaitanaki sold her jewelry for 3,000 euros, which she gave to her two sons. Her blood sugar is rising because she can't afford the meat and vegetables her doctor recommends and instead eats rice and beans she gets from the Greek Orthodox Church.

"We are waiting every month for my mother's pension," Karagaitanaki said. "If my mother dies, what can I do? Everyone here is dependent on their parents' pensions."

No Money

Even as Greece reduces its deficit and accepts a European aid package that may include a 34.4 billion-euro loan approved last month, conditions for Greece's middle class are likely to worsen next year as austerity measures take a bigger bite, said George Tzogopoulos, a research fellow at the **Hellenic Foundation** (<http://www.eliamep.gr/en/>) for European & Foreign Policy in Athens.

“I don’t think there is a single Greek citizen who believes that things will be better,” Tzogopoulos said. “There is no money for people to spend.”

Signs of Greece’s decline are everywhere in Thessaloniki, its second-largest city. Stores are closed in the fashionable shopping district downtown. Near an Yves Saint Laurent store, a man searched the trash bins for scrap metal, which he piled in the same shopping cart where his toddler daughter rode.

Outside a soup kitchen run by the Evangelical Church of Thessaloniki, men and women squabble over their place in line. Attendance at the kitchen’s twice-weekly dinners has climbed from 25 to about 140 in five years, said Antonis Sakellariou, a church elder.

Moving Away

In the once stable neighborhood of Kordelio, the unemployed and drug users gather in the parks, scaring away mothers and children, and crimes like chain snatching are on the rise. Many long-time residents have left, moving abroad or to their families’ villages, leaving behind empty houses, said Evangelia Rombou, 58, who has lived in Kordelio for 22 years.

“We feel like foreigners here,” Rombou said.

Greece’s economy has contracted every quarter for four years and one in four Greeks is jobless. Austerity measures have cut public employee salaries and benefits, reduced government services and raised taxes. Another round of cuts passed Nov. 8 raised the **retirement age** (<http://topics.bloomberg.com/retirement-age/>), reduced wages and pensions and means Greece will become the 17-nation euro region’s poorest country in two years, according to the European Commission.

For many unemployed Greeks, the vaunted European social safety net doesn’t exist. Only 17 percent of the 1.2 million jobless receive **unemployment insurance** (<http://topics.bloomberg.com/unemployment-insurance/>), said **Manos Matsaganis** (http://www.aueb.gr/pages_en/staff/faculty_en_short.php?facid=1095), an assistant professor at the Athens University of Economics and Business.

Poverty Line

Greece’s effective poverty rate has risen to 36 percent from about 20 percent in 2009, Matsaganis said. About 8.5 percent of Greeks now live in extreme poverty and can’t afford a basic basket of goods and services, he said.



(/photo/depression-deepens-greek-middle-class-despairs-with-crime-rising-/-i9CFra8CjgEk.html)

The crisis is shredding the middle class, which is feeling the brunt of public-sector salary reductions and private job losses while paying higher taxes, said Elias Papaioannou, an associate professor of economics at (<http://www.london.edu/>)London Business School (<http://topics.bloomberg.com/london-business-school/>).

Papaioannou, an Athens (<http://topics.bloomberg.com/athens/>) native who considered a career in Greece and now has no plans to return, compares the situation with the German occupation of Greece during World War II, when hyperinflation wiped out the middle class.

“People are suffering massively,” he said. “To me, it’s the collapse of the state.”

Afrodity Giannakis, 52, is a teacher earning 800 euros a month, cut from 1,200 euros a month. When she refused to pay a new, 420-euro annual property tax attached to her electricity bill, her power was cut. She called friends in a neighborhood solidarity group and with the help of an electrician, she was illegally reconnected to the grid within hours.

‘At War’

“We’re at war,” Giannakis said. “The state is against us and we’re trying to protect ourselves and our rights, as much as we can. Things are becoming ferocious.”

Karagaitanaki has bright red hair, expertly applied makeup, and dressed in a white, quilted jacket accented with a Chinese-style pendant. She was raised in a working class family in Thessaloniki and began modeling as a teenager. At 16 she was crowned “Miss Northern Greece,” she said. Runway modeling took her across **Europe** (<http://topics.bloomberg.com/europe/>) -- to Milan, Paris and Dusseldorf, she said.

In 1978, with her then-husband, Karagaitanaki opened her cafe in downtown Thessaloniki. Based on a Viennese coffee house, the small business attracted the city’s intellectuals and artists. Her younger brother, Maximus, began working there when he was 18, and eventually her two sons joined in. She divorced in 2000.

“We did everything ourselves,” Karagaitanaki said. “We built the cafe ourselves and that’s why people loved it.”

Taxes Surge

When it opened, the cafe’s rent was 400 drachmas a month. By 2010, after Greece’s economy surged and real estate boomed, the rent had climbed to 3,000 euros a month and other expenses rose, Karagaitanaki said. Bills for taxes and utilities climbed fourfold since 2000, she said. To cover her costs, she charged more.

“I had to raise my prices, she said. “That’s why I lost my customers.”

The final straw came when the landlord raised the rent again and demanded an additional 40,000 euros for a new, 12-year lease, she said. She closed the cafe in 2010.

“It’s like losing my life,” she said with tears in her eyes. “The cafe was my life.”

Karagaitanaki said she recently passed the cafe, now a store selling organic beauty products, and cried after seeing that a tree she had planted in front was dead.

Futile Search

Losing the cafe left the family unemployed. Her two sons, aged 32 and 22, moved to Komotini in Eastern Greece, where their father lives, to open a bar there. Karagaitanaki moved in with her 84 year-old mother in April of 2010, joining her brother.

While Karagaitanaki sleeps on her daybed, her 1.91-meter (6-foot, 3-inch) brother folds himself onto a five-foot couch in the living room each night. Living in such close quarters mean the siblings fight over using the bathroom, she said.

“It’s like being a teenager,” she said. “The only good thing about it is that we can help my mother.”

Maximus Karagaitanakis, 49, said he looks for work daily, going to the **unemployment** (/quote/GKUERASA:IND) office and asking friends who work in cafes and pubs. Mostly, though, he hangs around the apartment.

“It’s very, very hard,” he said.

Even before the crisis, Greeks tended to stay at home late into adulthood and often depended on parents for support, Papaioannou said. The crisis has made middle-aged Greeks even more dependent on their elderly parents for income, which puts pressure on pensions that are being cut, he said.

Cigarettes, Coffee

Karagaitanaki spends her days cleaning her mother’s apartment and helping a friend run a downtown coffee shop. In exchange, her friend buys her cigarettes and coffee.

In a drawer in her mother’s kitchen, Karagaitanaki keeps a folder of mementos. She has magazine clippings from her modeling days, when she sauntered down the catwalk in boxy ’80s fashions, and photos from parties held at the cafe.

She also has paperwork for a court date over her failure to pay 34,000 euros in back taxes owed by her cafe. Since she has no way to pay, she said she isn't concerned.

Karagaitanaki also lacks health insurance after falling behind on her payments. While the Greek national health service covers hospital care, there's no free primary care.

To treat her diabetes, she goes to the Social Solidarity clinic, a free medical center staffed by doctors and nurses volunteering their time. From the clinic she gets insulin and needles, which would otherwise cost her 150 euros a month, and dental care after diabetes destroyed her teeth, she said.

Medication Donations

When the clinic in Thessaloniki's Chinatown opened in November 2011, doctors expected to primarily serve illegal immigrants who had no other options, said Stathis Giannakopoulos, a general practitioner who volunteers one night a month. Instead, at least half the patients are Greeks who have lost their health insurance. For medicine, they depend on donations of surpluses from drugstores and individuals, he said.

"This isn't a way to treat a country," Giannakopoulos said. "This a way to destroy a country."

Like many doctors in Greece, Giannakopoulos's salary has been cut, from about 2,000 euros a month in 2009 to less than 1,500 a month now.

While doctors have told Karagaitanaki to reduce starchy foods in her diet to help her diabetes, she said she can't.

"It's the most expensive illness because you should eat meat, fish, chicken, everyday," she said. "How can we afford it?"

Standing in her mother's kitchen, Karagaitanaki carefully cradles a bandaged hand. On a rainy day last month, she slipped on leaves and sprained her wrist. When she went to the hospital, she had 10 euros her mother had given her for the day. She paid 9 euros for X-rays and bandages.

"I had 10 euros and it cost 9," she said. "Now I have 1 euro."

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