

A stylized map of Greece composed of a grid of dots. Most dots are grey, but several are red, highlighting specific regions or points of interest.

# Young Greeks and the Crisis

## The Danger of Losing a Generation

**NICK MALKOUTZIS**  
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- Greece's economic crisis has hit younger Greeks hard. Youth unemployment has passed 40 per cent and a growing number of graduates are leaving the country.
- Frustration with the political system is increasing but young Greeks have yet to find a political voice.
- Lower wages, diminishing opportunities and high costs are presenting huge challenges for single people and young couples.
- Weaknesses in education, training and job seeking are making it difficult for Greece to take full advantage of a talented young generation.

## Introduction

Greece is in its third straight year of recession and has embarked on a second year of extensive austerity measures in a bid to address its fiscal problems. Economic recovery appears to be a long way off and the number of people suffering the effects of the crisis is growing: An average of 1,200 people is losing their jobs each week. However, one segment of Greek society is experiencing more pain than most: young people.

Greece has a valuable untapped resource in its youth. Roughly a tenth of the population (1.1 million people) is under 25 and another 1.5 million are aged between 25 and 34. They tend to be well-educated, well-travelled and politically aware. But it appears that opportunities for them to make a positive contribution to Greek society in the years to come are going to be severely limited. The latest unemployment figures show that 40 per cent of Greeks under 25 are out of work, while those that do have work often find it hard to make ends meet.

Unless policies are adopted to address this issue, Greece faces the possibility of seeing many of its best and brightest young minds leave. Six out of 10 young Greeks say they are willing to work in another European country. They would be leaving behind peers likely to grow frustrated with a lack of prospects and the absence of opportunities able to put them on the path to employment. It is not yet clear whether they will direct their frustration into political channels, seeking to change an economic and political system that served their parents well but which will not secure their future, or whether their anger will spill over into violence.

## Unemployment

The impact of the contraction of the economy – which is likely to surpass 5 per cent of GDP in 2011 – on Greek society was emphasised in August when the Hellenic Statistical Authority (ELSTAT) announced the unemployment figure for May: it had risen to 16.6 per cent of the workforce. Those aged between 15 and 24 and between 25 and 34 are by far the worst affected. In the European Union, only Spain has worse youth unemployment figures.

The jobless rate for the 15–24 group in Greece has risen faster than the national rate in recent years, from 25 per

cent in 2009 to 40.1 per cent. For the 25–34 group, it went up from 11.2 per cent two years ago to 22 per cent this year.

Table 1: Unemployment among 15–24 year-olds and 25–35 year-olds, Greece, 2006–2011 (%)

Age group	2006	2007	2008	2009	2010	2011
15–24	24.8	23.2	18.6	25	32.5	40.1
25–35	12.5	10.8	9.9	11.2	15.8	22
National	9.2	7.7	6.6	8.5	12	16.6

Source: ELSTAT.

Youth unemployment has been above 20 per cent for the past decade in Greece, but the economic crisis has exacerbated this problem and as a result many young Greeks now see their futures away from their homeland.

## Looking Abroad

In the first five months of 2011, more than 35,000 Greeks registered their educational and qualification details under the EU-sponsored Europass scheme that aims to increase mobility within the Union. Of these, more than 22,000 were under the age of 30.

A Eurobarometer survey for the EU's Youth on the Move programme in May suggested that 37 per cent of young Greeks were willing to work long-term in another European country. This was the third-highest figure in the 31 countries that took part in the poll and well above the average.

Table 2: Results of Eurobarometer survey for the EU's Youth on the Move programme

*Would you be willing/would you like to work in another European country in the future?*

	For a limited time	For the long term	No	Don't know
Greece	27	37	36	–
European average	28	25	44	3

Source: Flash Eurobarometer on Youth on the Move, May 2011.

Greece has a long history of emigration but the last major wave of Greeks leaving the country was in the 1960s when unemployment was also high. The fact that there is a large Greek Diaspora – estimated to be between 3 and 7 million people – that can act as a conduit for young Greeks seeking work abroad makes it easier for them to consider moving to countries such as the UK and Germany but also beyond Europe, to the USA, Australia and Canada. A number of Internet forums, such as [www.patriotaki.com](http://www.patriotaki.com), have emerged for Greeks to exchange advice and information about emigrating.

## Brain Drain

The difference between previous bouts of emigration and the one Greece is facing at the moment is that those who are leaving or considering leaving are not just unskilled labourers. Greeks in their 20s and early 30s have education and skills that compare favourably with their European counterparts. For instance, Eurostat figures show that the proportion of Greeks aged between 20 and 24 who have at least an upper secondary school education is 83.4 per cent, while the EU average is 79 per cent and in Germany it is 74.4 per cent. Also, the percentage of Greeks aged between 25 and 34 who speak at least one foreign language is 58.3 per cent when the EU average is 39 per cent.

In fact, many of those who have left recently are university graduates. Roughly one in three graduates is unemployed in Greece, which is one of the highest proportions in the EU. The unemployment rate for those holding postgraduate degrees has almost doubled over the past four years.

Table 3: Graduate unemployment, Greece, 2008–2011 (%)

	2008	2009	2010	2011
<b>Unemployment rate</b>	5.4	5.7	7.4	9.8

Source: Finance Ministry.

Greece has been one of the world's largest exporters of students over the past decade but contrary to the trend in previous years it appears that many of these graduates are now staying abroad. Research published in 2010 by the University of Macedonia suggested that 84 per cent

of graduates were rejecting the opportunity to return to Greece.

Lois Lambrinidis, who headed the research, estimates that 9 per cent of Greek graduates and 51 per cent of PhD holders left the country in the past two years and that the departures have accelerated over the past few months.

## Making ends meet

Even for young Greeks in work, however, the challenges are mounting. Salaries in the public sector have been cut by about 30 per cent over the past two years, while there have also been reductions in the private sector in recent months. Eurostat found that salaries in Greece fell by 6.2 per cent in the first quarter of this year alone.

Greeks already had among the lowest average salaries in the Eurozone before the crisis struck. In 2009, European Commission figures suggested that Greeks had an average net annual salary of 28,548 euros, compared to an average of 39,562 euros in the original 15 members of the European Union. For Greeks entering the job market, however, receiving such a salary is now virtually inconceivable.

The yardstick for entry-level salaries has been set by the legislation passed this year that allows employers to pay workers under 25 just 84 per cent of the national minimum wage. This means young people can be paid salaries starting at 592 euros a month.

This move was designed to entice employers to hire young people but such a salary in most cases does not make it possible for the person receiving it to live on their own. In Athens, for example, even studio apartments are rarely rented for less than 300 euros a month. But it is not just high rents that young Greeks have to contend with. Since Greece joined the Eurozone in 2001, the prices of most goods and services have risen rapidly, exacerbated by a lack of genuine competition in many sectors. According to EURES the cost of living in Greece is 92 per cent of the EU average, while incomes are only 82 per cent of the EU average. A UBS Wealth Management Research study published in August indicated that Athens is the 38th most expensive of the 73 world cities

surveyed, coming just a couple of places below Amsterdam and Berlin.

It is becoming increasingly difficult for young Greeks on low wages to get by on their own. As a result, there has been a growing trend for them to move back in with their parents or to move to the countryside, where the cost of living is cheaper. Those facing the biggest challenge are young families. Eurostat figures show that a Greek couple with two children, with only one parent working, will have an average net income – including state benefits – of just over 17,000 euros, while the Eurozone average is 27,700 euros. As a result, couples are also relying more on their parents for accommodation and childcare, while reports of childless couples putting off having families are growing.

## Political Dissatisfaction

Another, less tangible effect of the crisis has been young Greeks' overwhelming loss of faith in their political representatives. Many young adults see the near-collapse of Greece's economy as the death knell for the system of political governance that developed after the collapse of the military dictatorship in 1974, a period known in Greek as the »Metapolitefsi«.

Beyond street protests, the first clear indication of this rejection of the political system came in the local elections of November 2010 when the abstention rate reached just over 50 per cent. This unprecedented figure was seen by many commentators as a rejection by young Greeks in particular of the ideas and values of the existing political parties.

Greece's two main parties, PASOK and New Democracy, are seen as the worst offenders, having held power since 1974. The smaller parties, however, have failed to make any major gains in the opinion polls, indicating that disgruntled voters have not yet found a grouping or groupings through which to express themselves politically. A Public Issue survey in July found that no party had enough support to form a government. New Democracy polled at 32.5 per cent, compared to 26.5 per cent for PASOK. The Communist Party (KKE) garnered 11.5 per cent, while the Coalition of the Radical Left (SYRIZA) showed a rise in support, overtaking the right-wing Popular Orthodox Rally (LAOS) with 9 per cent as against 7.5

per cent. Significantly, 38 per cent of respondents said they would abstain from voting.

SYRIZA which, uncharacteristically for Greek politics, has a leader (Alexis Tsipras) in his 30s, has targeted the youth vote over the past few years, while KKE continues to have a strong presence at universities. However, neither party has really been able to convince a large proportion of young Greeks that they have viable answers to the current problems. Several new, smaller parties – such as the centrist Democratic Alliance and the leftist Democratic Left – have emerged since last year but they are led by established political figures who have failed to connect with young voters. The potential is clearly there for a more youthful party that is not tainted with the problems of the past to emerge. But there has not yet been any serious indication that this will happen.

## Protests and riots

In this politically uncertain environment, public protest has taken on an even more prominent role. There have been numerous attacks on politicians and demonstrations at their homes or offices but the most noticeable expression of frustration was the daily rallies held in Athens' Syntagma Square in front of Parliament in Athens and in Thessaloniki throughout June and July.

At their height, these gatherings of the »Aganaktizme-noi« or Indignants, drew up to 100,000 people but on days when the attendance was not so high, they provided a platform for public discussion about Greece's economic and political problems. Young Greeks were prominent in both the protests and the discussions. According to a survey by Public Issue, 59 per cent of Greeks under 25 who were questioned said they took part in the protests. It was also notable that 70 per cent of under-25s felt that the protests were a »very significant political event«. No other age group had such an enthusiastic reaction.

*Aditya Chakraborty*, economics leader writer for UK newspaper *The Guardian*, wrote of the protests: »What marked out this summer's demonstrations in Athens' Syntagma Square and across the country was the high proportion of young people: hyper-educated, under-employed and radicalised ... it's this class – the young, with a sense of being cheated out of a decent future – combined with the public sector workers facing job losses

and drops in pensions and salaries, who combine into the most interesting political force.«

One of the key factors that will determine Greece's future is how this young generation chooses to express itself politically. This summer's protests had two core themes that attracted young people: rejection of the current politicians and parties and opposition to the austerity measures that have accompanied the financial assistance package from the Eurozone countries and the International Monetary Fund (IMF). While the Indignants movement was able to find a synergy with young Greeks in terms of what they do not like (corrupt, unaccountable politicians and lower pay, more taxes and greater insecurity), it was less successful in reflecting what they would like instead. In this sense, the Indignants failed to move from protest to politics.

There is a danger that if young Greeks do not find a political outlet for their dissatisfaction and concerns, protest will become their default response. This would create an increasingly tense atmosphere on the streets of Athens and Thessaloniki. A very dangerous precedent was set on 29 June when a large protest against the medium-term fiscal plan being passed through Parliament degenerated into a running battle between rioters and police. The largely peaceful protest was marred by about 200 people (according to the police's estimate) that were intent on fighting with anti-riot squads. However, the excessive violence of these exchanges was made even worse by the police's decision to make extensive use of tear gas and aggressive tactics against many innocent protesters caught up in the mayhem.

These incidents prompted an official complaint from Amnesty International and an investigation by an Athens prosecutor but, more importantly, they broke the last bonds of trust that many young Greeks had with the state. After the events of 29 June, there appeared to be a feeling among the younger generation – evident from comments on social networking sites – that the heavy handedness of the police was symptomatic of a state that has no time for their problems and wants to push them aside. The vast majority of young Greeks would not identify themselves with the actions of the rioters on 29 June or at other protests (they are relatively small, well-organised groups looking for confrontation), but the longer their concerns are not addressed and the more they feel they are being unfairly treated by the authori-

ties, the more antagonistic and dangerous the atmosphere on Greek streets will become.

## Searching for Solutions

### Finding Jobs

The clearest path to reaffirming Greece's relationship with its young people is to give them better access to jobs, but this is easier said than done with a public sector that has to produce another 28 billion euros of cuts by 2015 and a private sector deep in recession.

On a visit to Athens last year, Secretary-General of the Organization for Economic Cooperation and Development (OECD) Angel Gurría warned about the consequences of youth unemployment in Greece, which even then was more than double the OECD average. »Young people are particularly vulnerable in this jobs crisis«, he said. »Every effort must be made to keep young Greeks in touch with the job market to avoid the long term scarring of a generation.«

Gurría put forward a set of constructive proposals that included:

- Monitored job searches for young people in the early stages of unemployment.
- Limit employment subsidies to jobs with training and target them on young people who have been unemployed for more than six months.
- Create a single vocational route in upper secondary education combining classroom-based and work-based learning.
- Expand apprenticeship training to include more professions and encourage employers to take on more apprentices.
- Help firms that hire workers at or around the minimum wage in jobs that offer training by reducing their social security contribution rates.

Only the last of these proposals has been implemented by the Greek government through its scheme to allow employers to pay lower wages and social security contri-

butions for hiring people under 25. A young worker now costs 615 euros a month as against a regular employee who costs a minimum of 881 euros, giving the employer savings of more than 3,700 euros over the course of the year.

The government announced a programme in September aimed at boosting employment. Although not targeted specifically at young people, the scheme – worth up to 3.9 billion euros and 55-per cent funded by the EU – will reportedly aim to set a balance between keeping people in employment and creating new jobs. Half the funds will be used as incentives for companies to avoid firing workers, 25 per cent will be spent on training programmes and another 25 per cent on providing five-month contracts for some 150,000 unemployed people to work on public projects with a monthly salary of 625 euros.

#### Training and Entrepreneurship

While the government's scheme may help to provide at least temporary employment for young people, many underlying problems remain. This includes the fact that young Greeks receive very little assistance in searching for jobs. Unlike other European countries where jobseekers can rely on the advice of experts, young Greeks are mostly left to fend for themselves without a structured environment in which to identify vacant positions and apply for them.

Equally, there is very little emphasis on training. The Greek Manpower Organisation (OAED) and the Ministry of Education's General Secretariat for Youth both run limited, often poorly-communicated, programmes aimed at smoothing the transition from studies to work. Another area in which Greece is lacking is fostering an entrepreneurial climate so young people with good ideas can start their own enterprises. This role has been left to private entities, such as Openfund, which is a seed capital fund that invests mainly in high-tech projects. It offers selected applicants 30,000–50,000 euros of venture capital financing and advice from industry experts in exchange for 15 per cent of the company.

At a time when Greek banks are refusing to provide credit for new ventures, such schemes are extremely constructive. Given that the European Commission recently announced it will reduce Greece's contribution for

co-financed projects to just 5 per cent and that Athens still has 15 billion euros of structural funds to receive by 2015, it could be helpful for some of this money to be used to create more of these projects, which could help convince Greek graduates to return home with know-how they have acquired abroad.

The potential for entrepreneurship was underlined by Development Ministry figures published in August which showed a rise in the number of people taking advantage of nationwide one-stop-shops that reduce the bureaucratic hurdles to setting up a new business. As a result, more than 28,500 new companies were set up in the first half of 2011, compared to almost 25,500 that closed down. Many of these new enterprises were set up by young people.

#### Education

Apart from addressing the lack of jobs, schemes encouraging entrepreneurship could also help to bring about a change in approach and mentality. It is often a complaint of industry and business representatives that the Greek education system fails to produce candidates that are suitable for the types of jobs available.

»There is a longstanding mismatch in the jobs market that successive governments have failed to address... Young people don't leave university with the skills employers are looking for«, Yiannis Stournaras, head of the Foundation of Economic and Industrial Research (IOBE), told the *Financial Times* earlier this year.

In fact, some experts suggest that a realignment between what young Greeks are taught and the state of the local job market could help match expectations with reality. »In Greece, the basic problem is not that there aren't prospects for employment, it is rather the deviation between the personal preferences for careers and the opportunities available in the economy, or in the needs the community has«, said Aristos Doxiadis, private equity professional at a conference in Athens in July that tackled the subject of whether young Greeks should stay in their homeland or leave.

Doxiadis suggested that shipping, manufacturing, new forms of tourism and small export-oriented businesses associated with niche agricultural goods could provide

jobs for young Greeks. Another expanding sector is renewable energy sources.

The government passed a tertiary education reform bill on August 24 that aims to bring state-run universities more in line with their European counterparts and the standards set by the 1999 Bologna Process. This includes independent evaluation of academics and institutions and stricter limits on the time that students have to complete their degrees. However, it remains to be seen whether this reform process will also lead universities to reshape their curricula and teaching methods.

Parts of the academic community have strongly resisted some of the reforms and the public debate on the subject has been sterile. Examples of how other EU members have made changes to their education system that have benefited young people in finding jobs and embarking on careers would be useful.

## Conclusion

Greece's economic crisis has hit younger Greeks hard. Unemployment for people in their twenties and early thirties is now at record levels as the government continues to implement an extensive austerity programme aimed at getting the country's public finances back on track. Those that do have jobs are finding it hard to meet their commitments and raise families.

Greece faces the possibility that many of its well-educated and talented young people will seek their futures in other countries. Some of them will choose not to return, making it more difficult for their homeland to face the challenges ahead with a new dynamism and mentality.

To address this situation, Greece must find ways to give young people better access to jobs and a respectable standard of living and to produce graduates that reflect the needs of the market. The young also lack a political voice as the parties have lost touch with this generation, creating the basis for an antagonistic relationship. To remedy all this at a time when the economy is continuing to shrink is a tall order.

However, there are steps that Greece can take to improve the situation. This includes better guidance for young jobseekers, training programmes that reflect market re-

alities, incentives and support for new entrepreneurs, schemes to attract Greeks to return from abroad and a restructuring of tertiary education to better prepare students for the demands of the Greek job market.

The government has made some moves in this direction. Their impact is not yet known but it seems certain that if more substantial steps are not taken then Greece faces the prospect of losing a generation.



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