Handout 7

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Money Troubles Take Personal Toll in Greece

By LANDON THOMAS Jr.

ATHENS — His face contorted with anguish, Anargyros D. recounted how he had lost everything in the aftermath of the Greek economic collapse — the food-processing factory founded by his father 30 years ago, his house, his car, his Rolex, his pride and now, he said, his will to live.

“Many times I have thought of taking my father’s car and driving it into a wall,” he said, declining to give his last name because he was reluctant to draw attention to himself under these circumstances.

Hunched over and shaking, he sat last week in the spartan office of Klimaka, a social services organization here that provides help to the swelling numbers of homeless and depressed Greek professionals who have lost their jobs and their dignity.

“We were the people in Greece who helped others,” he said. “Now we are asking for help.”

It has been one year since Greece avoided bankruptcy when Europe and the International Monetary Fund provided a 110 billion euro ($155 billion) bailout. While no one expected the country to reverse its sagging fortunes quickly, the despair of Greeks like Anargyros D. reflects a level of suffering deeper than anyone here had anticipated.

Economists are predicting a 4 percent contraction in gross domestic product this year, and the data support the pessimism. Cement production is down 60 percent since 2006. Steel production has fallen, in some cases more than 80 percent in the last two years. Analysts say that close to 250,000 private sector jobs will have been lost by the end of the year, pushing the unemployment rate above 15 percent.

With headlines shouting of credit rating downgrades, panicky Greeks are taking their money from banks. Greece lost 40 billion euros of deposits last year, and bankers say withdrawals have increased recently.

These struggles have again made Greece an urgent matter for the 17-nation euro zone, whose finance ministers are to meet on Monday to discuss Greece and the debt crisis that has defied Europe’s yearlong efforts to contain it. On the table will be whether Greece, which is now projected to miss its deficit target by as much as two percentage points of G.D.P. this year, will be granted another round of loans totaling as much as 60 billion euros, and what further budget cuts would be required in return.

But there is serious debate about whether this kind of prescription — subjecting Greece to more cuts and sacrifice in order to justify a second installment of funds from a reluctant Europe — is the right one.

This form of remedy violates two basic economic principles, according to Yanis Varoufakis, an economics professor and blogger at the University of Athens. “You do not lend money at high interest rates to the insolvent and you do not introduce austerity into a recession,” he said. “It’s pretty simple: the debt is going up and G.D.P. is going down. Have we not learned the lesson of 1929?”

The arrest on Saturday of Dominique Strauss-Kahn, the head of the I.M.F., on charges related to sexual assault could create new uncertainty about a push for more severe austerity. Mr. Strauss-Kahn generally favored a less onerous approach, and if he is forced to resign it is possible that tougher conditions preferred by Germany will be imposed.

But while the debate over how to fix the Greek economy has played out in public, the ways in which this slump is tearing at the country’s social fabric are less well known. The transformation has been jarring to a citizenry long accustomed to a generous welfare state.

Social workers and municipal officials in Athens report that there has been a 25 percent increase in homelessness. At the main food kitchen in Athens, 3,500 people a day come seeking food and clothing, up from about 100 people a day when it first opened 10 years ago.

The average age of those who show up is now 47, down from 60 two years ago, adding to evidence that those who are suffering now are former professionals. The unemployment rate for men 30 to 60 years old has spiked to 10 percent from 4 percent since the crisis began in 2008.

Aris Violatzis, Anargyros D.’s counselor, says that calls to the Klimaka charity’s suicide help line have risen to 30 a day, twice the number two years ago.

“We cannot imagine this,” Mr. Violatzis said. “We were once the 29th-richest country in the world. This is a nation in deep emotional shock.”

Evidence of the emotional and social shock was abundant in Athens last week. Even as I.M.F. and European banking officials worked with Greek officials to hash out the contours of a second bailout package, a nicely dressed middle-aged woman with silver buckles on her shoes sifted through the garbage cans outside the five-star hotels where many of these officials were staying.

At dusk, riot police fired tear gas at rock-throwing protesters as tourists and workers on their way home took cover.

Laid off construction workers have holed up in abandoned villas. A security guard fired by one of the many downsizing Greek companies said he had spent the last year sleeping in the back seat of his battered hatchback. And a chef trained in the premier cooking school in Athens spent 18 months sleeping on park benches after the restaurant where he worked eliminated his job. A homeless charity recently gave him shelter.

While aid workers refer to these people as a new generation of homeless, the Greek government does not officially recognize the homeless as a social category in need of assistance, says Anta Alamanu, who runs a privately financed shelter for Klimaka, the social services group. As a result there are no government-supported homeless shelters as they exist in other parts of Europe or in the United States.

When Kostas DeLazaris, 47, lost his tourism job on the island of Corfu in 2007, he joined a construction firm in Athens, only to lose that job 10 months ago as the once-buoyant building industry ground to a halt. Now he sleeps on the floor in an abandoned house, sharing the space with two Greek women and a family of Bangladeshi immigrants.

He was a dedicated union man when he worked in tourism, serving as vice president of his local branch. But on the same day last week that his former peers marched on Parliament in protest, he said he would not be joining them.

“I feel betrayed,” he said, his voice rising in anger. “I paid my dues. I was part of the masses, and now I am on the streets.”

He snorts at the possibility of a new deal with Europe.

“That is a dead end,” he said. “There will be an earthquake instead and blood will be spilt.”

Indeed, there are analysts who argue that a social flare-up is in the making, fueled by the divide between the hard-hit private sector and a public work force of about one million strong that so far has not experienced significant job losses.

“This is an explosive situation, and there could well be violence,” said Stefanos Manos, a former economy minister who has advocated more aggressive spending cuts. “Especially as those who lost their jobs were earning 50 percent less than those who kept them.”

There is mounting criticism that Prime Minister George A. Papandreou, after a burst of changes last year, has lost his nerve. A plan to raise 50 billion euros by 2015 by privatizing the publicly owned power and train companies has been a bitter disappointment. Those companies, home to powerful unions that protect what some view as thousands of excess workers, remain largely untouched by reforms.

Mr. Papandreou has achieved some success in opening up closed professions and reforming the country’s pension and retirement systems. And he still retains the support of many Greeks, who believe that there is no better alternative.

But his critics say he may be avoiding the difficult choices in the belief that, as the saying goes here, the god of Greece will save Greece by means of a fresh European bailout.

That is what Richard Parker, a political economist from Harvard who is serving as one of Mr. Papandreou's top outside advisers, thinks should happen. Germany, he says, has to overcome its Calvinist instincts and write Greece one big check so that it can continue its economic overhaul process.

"Greece's debt is just 3 percent of the euro zone G.D.P.," said Mr. Parker, who has known Mr. Papandreou for more than 40 years. "And the price of tipping over Europe will be much larger. My attitude is, give them the money."

Greece may well get the assistance, with strings attached, of course. But whether that will help lift Anargyros D. out of his despondency remains unclear. At age 41, he lives off his father's monthly pension of 962 euros, which is down from 1,500 euros a year ago, and he must borrow money for the bus from his home in the Peloponnese region to his counseling sessions in Athens.

"Everything was coming up roses," he said, mashing a cigarette into the ashtray before him. "And then the banks took it all away from us."