

**SOCIAL AND SPATIAL IMPACT  
OF THE CRISIS IN ATHENS**

**FROM CLIENTELIST REGULATION TO SOVEREIGN DEBT CRISIS**

**Thomas MALOUTAS\***

***Abstract** - Following a brief introduction to the impact of globalization and economic restructuring on urban social structures, the paper depicts the formation of the socio-spatial structure of Athens in recent decades, the problems accumulated by the traditional regulation of urban sociospatial issues, and concludes with a discussion of the impact of the Greek sovereign debt crisis on these issues. The discussion focuses on the rather weak social polarization and segregation resulting from global forces until the mid 2000s, and on the subsequent change of socioeconomic and demographic conditions forming a new social and political environment in which the socially dividing impact of the current crisis is potentially becoming deep.*

**Keys words** - HOUSING, SOCIAL DISPARITIES, ATHENS

**JEL Classification** - R21, R28, I24

---

\* Harokopio University. maloutas@hua.gr

## **1. GLOBALIZATION AND URBAN SOCIOSPATIAL REARRANGEMENT**

Capitalist globalization increased pressure for convergence in economic and social regulation modes starting from the industrially developed countries. Economic restructuring in these countries –evidenced by extensive deindustrialization and the gradual shrinking of welfare states– became the dominant paradigm in facing the crisis of the previous accumulation regime that depended on large and vertically integrated productive units as well as on the stimulation of substantial and socially diffused demand. The new paradigm opted for the liberalization-deregulation of markets (Harvey 1989; Amin 1994; Knox, Agnew and McCarthy 2003; Perrons 2003). In real terms, however, deregulation policies were implemented in very selective ways by preserving protectionist walls for countries and international coalitions that had the power to enforce them, while deregulation within countries was mainly performed at the expense of redis-tributive policies and the state's welfare role.

The redistribution of resources in favour of capital brought up by globalization had important social and spatial repercussions. On the regional level, changes were mainly related to the re-localization of different activities –the decentralization, for instance, of simple manufacturing to countries of lower labour cost– as the model of the large and vertically integrated corporation was progressively abandoned in favour of more complex schemes in terms of both business organization and geographic location. Investors were increasingly liberated from local/national ties and dependencies to choose locations for each of the processes involved in the production of their commodities. The spatial and temporal fluidity of investment/disinvestment –enhanced by the financialization of capital– became important leverage for capital in its claim for more incentives in order to invest. This leverage became especially persuasive through the bleak fate of areas of disinvestment, where it materialized as deindustrialization and high unemployment.

On the metropolitan level, changes were also important. Large metropolises, and especially world cities became privileged spaces for particular types of investment. According to different authors (Sassen 1991; Mollenkopf and Castells 1991; Feinstein et al. 1992) globalization increased the role of these areas in the management of international economic processes, especially regarding the crucial sectors of financial markets, insurance and banking, accounting and legal services, IT systems, real estate management etc. According to these authors, this led to an increase in both income inequality and social polarization– i.e. there was growing concentration of people at the extremes of the socioeconomic hierarchy while the breadth of its middle positions was diminished– but also in residential segregation– i.e. there was growing social distance among the areas where different social groups reside. These claims convey the idea of transition to a socially divided or dual city, and can be related to arguments about social exclusion. Certain authors consider, however, that the social and spatial division of these large cities is more complex, involving important subdivisions and stratifications (Marcuse 2002).

The mechanism that produces social polarization in major world cities is related to the attraction of highly skilled and highly remunerated work force used by high-end service providers to multinational corporations and, at the same time, to the attraction of large numbers of workers without particular skills for menial/routine jobs, including those related to the provision of personal services to the corporate elite (Sassen 1991). Social polarization according to Sassen (1991) leads also to spatial polarization by increasing segregation of lower socioeconomic groups; this is produced by gentrification processes triggered or facilitated by the housing demand of the corporate elite as well as by the appropriation of privileged urban areas for corporate use.

More recent approaches are less unequivocal regarding the catalytic impact of economic restructuring by leaving some space to the State, to policies in determining actual trends. These approaches are mainly related to the role of the welfare state (Hamnett 1994 and 1996; Marcuse and van Kempen 2002; Musterd and Ostendorf 1998) and usually dissociate the economic and social regulation in the US from regulation models in large parts of Western and Northern Europe where developed welfare systems are still important. Other approaches stress the contextual character of theoretical constructs like social polarization that generalize features and trends that derive from, and largely remain attached to the US economic and political situation. These approaches reveal the contextual diversity of several determinant factors –apart that is from the European welfare state– like the East Asian developmental state (Hill and Kim 2000; Hill and Fujita 2003) or the clientelist and familist social regulation in South European countries. In this sense, they ultimately stress the contextual character of what is often implicitly considered as general and global (Maloutas and Fujita, forthcoming).

These alternative approaches claim that the impact of globalization on cities is much more diverse and complex from the diagnoses of an ever increasing social dichotomy. In most of these approaches there is emphasis on local processes which lead to creating increasingly diverse micro areas with particular social and spatial features. Some authors focus on special types of micro-areas –like gated communities, gentrified spaces, ghettos, regenerated waterfronts and ‘citadels’ for higher social groups. The spaces developed to such types of areas are in fact the soft underbelly of cities facing the attack of globalization, in the sense that they are easier to reshape according to the new economic environment (Marcuse and van Kempen 2000).

No one denies, however, that the pressure from global economic trends leads towards a widening gap of social inequality; however, the impact on social structures and on spatial constructs is not predetermined. Most of the approaches that criticize the social polarization thesis, stress that sociospatial outcomes are not resulting from immutable economic processes, but from their political regulation. The gradual shrinking of welfare structures in Western and Northern Europe and the difficulties to sustain the East Asian developmental state, witness the increasing difficulties to resist the rise of social inequality and urban division. At the same time, the claim for social equality is de-legitimated

as a counter incentive for the undeserving poor, as economically unproductive and, ultimately, as socially unjust.

The strength of neoliberal domination is witnessed by the fact that although the most dynamic and geographically mobile part of international capital with its unbridled speculative practice brought the international economy to its knees –through the US subprime loan crisis– it suffered no significant consequences. On the contrary, the sovereign debt crisis that immediately followed was treated in a very different way by the assault on labour rights and public policies that did not abide by neoliberal orthodoxy.

## **2. GLOBALIZATION SOVEREIGN DEBT CRISIS AND SOCIAL IMPACT ON ATHENS**

### **2.1. The origins of reduced segregation in the pre-crisis era**

The Greek city –with Athens as the main example– had not experienced a clear growth of sociospatial division as a consequence of globalization processes, at least until the recent crisis. This claim is founded on the fact that residential segregation did not increase since the early 1990s. On the contrary, indices of segregation for most occupational categories have been decreasing (Maloutas et al. 2012; Maloutas forthcoming), except for the declining number of industrial workers whose spatial concentration increased during the 1990s.

A closer look shows that segregation processes are not distributed across the city in a uniform way. Areas at the social extremes –like the bourgeois suburbs of *Psychico* and *Ekali* on the one hand or the working-class areas of *Ano Liosia* and *Aspropyrgos* on the other– have increased their socially homogenous profile and have thus contributed to the increase of social segregation. These area types comprise, however, a rather small part of the city's population, while the much larger and much more populated areas of intermediate social strata have exhibited an increase in social mix (Maloutas 2007). Moreover, the massive inflow of immigrants since the 1990s has counter intuitively contributed to the decrease of social segregation. In fact, it was this immigrant inflow that induced the residential de-segregation of lower occupational categories following the residential location of the new settlers in different areas from those of the native Greek working-class. The latter are mainly located as homeowners in the city's working-class suburbs (western part of the urban periphery) while immigrants were attracted by affordable housing supply for rent in the densely built areas around the centre (Arapoglou 2006 and 2007; Arapoglou and Sayas 2006; Maloutas 2007; Arapoglou and Sayas 2009). But, de-segregation and spatial proximity in Athens, like in many other South European cities (Arbaci 2007 and 2008) and beyond, do not necessarily lead to social proximity. Thus, despite the spatial proximity with native Greek middle-class groups, immigrants live under clearly inferior housing conditions (Arapoglou et al. 2009) and usually have no access to the same important services – like schools– that are crucial for the social mobility prospects of their children.

The relatively reduced level of segregation in Athens is accompanied by a rather weak presence of other important processes of sociospatial division. Gentrification of inner city areas –i.e. the invasion of such areas by upper-middle social groups and the displacement of older residents of lower social status within a process of urban regeneration that also induces the substitution of former land uses by new uses of higher rank (Atkinson & Bridge 2005; Lees et al. 2008; Porter and Shaw 2009)– appears to be rather weak and segmented in Athens (Maloutas and Alexandri 2009; Alexandri 2013 and 2014). The construction of gated communities (i.e. housing projects, enclosed by material or symbolic walls, providing protection services) is almost non-existent. The functionally autonomous middle-class areas at the periphery that provide locally an important number of jobs enabling their residents and those of surrounding areas to work and live in relative isolation from the city centre (edge cities), is also embryonic if not completely absent (Sayas 2004 and 2006). Finally, upper-class ‘citadels’ (Marcuse and van Kempen 2000) in Athens refers to a very limited number of self-promoted properties in high status suburban areas, like *Kavouri* or *Ekali*, rather than to some sizeable form of organized housing provision for very high income groups.

The question is therefore what were the causes that induced the relatively reduced degree of social division in the distribution of different social groups among the residential areas of Athens. First of all, housing provision in Greece has never been the object of large projects, either private or public. As a South European metropolis where industrial activity has never been dominant –and thus has not left an important imprint on the city’s organizational structure<sup>1</sup>– Athens has never seen the development of social services in the ways and the magnitude they acquired in the industrial European countries, i.e. in the form of a developed classic welfare state. The local model of welfare arrangements – bearing important similarities with the rest of Southern Europe (Mingione 1996; Ferrara 1996), especially concerning housing (Allen et al. 2004)– left much broader margins to the family to organize and invest in its members social reproduction using resources often transmitted by the state through clientelist processes in ways that reinforced and consolidated the dominant political system. The profile of the house-building sector was shaped within this type of welfare arrangements. The average size of building companies remained extremely small and their operations rarely involved the construction of more than one building unit, while specific arrangements prevented the involvement of large constructors in house-building activity and of private banks in housing credit (Economou 1988). The processes of housing production that prevailed almost up to the 1990s –i.e. the low cost self-promotion at the city’s periphery and the *antiparochi* system that produced condominiums through the joint venture of small landowners and small building entrepreneurs<sup>2</sup>– supplied very

<sup>1</sup> For a comprehensive discussion of differences between the urbanization of the industrial metropolis and urbanization in the European South, where industry has not been the major component of urban attraction, see Allen et al. (2004: chapter 3).

<sup>2</sup> The house building system of *antiparochi* provided massively low cost housing in the 1960s and the 1970s (Antonopoulou, 1991). Operations were small scale, as they entailed the joint venture of a small landowner and a small builder who got a share of the

large numbers of affordable housing units that covered, to a large extent, the housing needs developed in a rapidly expanding metropolis. At the same time, however, they created a rather poor urban environment, since an important factor that reduced housing cost was the lack of urban infrastructures and public space. The affordable cost and the socially diffused access to housing resulted in sustaining and increasing the high rates of homeownership. On the other hand, the rationale of the two dominant housing systems (self-promotion and *antiparochi*) was compatible with the constitution of stable self-help networks in residential areas based on kinship and common origin. The importance of these proximity-based networks for social reproduction, combined with the extreme segmentation and social diffusion of landed property and the heavy taxation of property transfers, created conditions of low residential mobility – therefore of a rather stable residential location for households during most of their lifetime– which prevented the sociospatially dividing pressure of a constant sifting and sorting.

The second important parameter related to the rather weak sociospatial division in Athens is the profile of housing demand and especially the demand from higher social strata that did not exercise substantial segregation pressure. Native Greek middle and upper-middle strata followed, to a large extent, similar housing practices to those of lower social categories and contributed to segregation only through their gradual relocation to the new middle-class suburbs since the 1970s. At the same time, these categories unintendedly contributed to increasing the social mix in the inner city by being the main actors in the *antiparochi* system, which provided abundant affordable housing in and around the city centre.

City residents of foreign origin belonging to upper-middle strata –and especially those who belong to the highly mobile corporate elite– usually exercise an important pressure on the local housing market by increasing demand for high quality housing in central locations often fuelling processes of gentrification. In Athens, this group is relatively small due to the scarcity of high level corporate activities and of high-end producer services. If globalization did not have an important impact on the Athenian housing market through this type of demand, the presence of large numbers of immigrants, relegated to the lower parts of the occupational hierarchy, had a significant impact on local housing. However, the growing presence of immigrants did not induce the increase of residential segregation since they were not attracted by the same areas where native Greeks in similar occupational categories usually reside: the concentration of immigrants in the traditional working-class –but also owner-occupied– municipalities of Western Athens is lower than their average in the whole city region. Immigrants were much more concentrated in areas where small and affordable apartments for rent were available, i.e. in the

---

building at the end of the works according to an initial agreement. The popularity of this system was due to generous tax relief that made any other form of condominium production not competitive. Almost 35.000 units of five floors or higher were produced between 1950 and 1980 in a city that, before that period, had less than 1.000 (Maloutas and Karadimitriou, 2001).

degraded neighbourhoods around the centre following their dense building using the *antiparochi* system in the 1960s and 1970s (Maloutas 2007).

The third, and probably most important, cause of reduced segregation is the increased importance of intermediate social categories, which remain remarkably dominant in Athens. The quick integration of post war rural migrants to the urban society and their rapid access to intermediate social positions relied on the sustainability of the small family business in the city and on the important social mobility produced by the wide access to educational credentials and skills. Social mobility through education mitigated the anti-meritocratic ways that access to the labour market (especially the public sector) was regulated, following strict political discrimination during the first post war decades and subsequently using more relaxed clientelist procedures. As a result, Greece presented –and still does– the highest rate of self-employment amongst OECD countries, and, until a few years ago, a relatively high rate of public employment; both self-employment and employment in the public sector were essential in consolidating the importance and relative stability of intermediate occupational positions.

## **2.2. Issues of social regulation in Athens since the 1990s**

The impact of the two dominant housing systems of the post-war period (self-promotion and *antiparochi*) on the city's built and social environment was especially clear until the end of the 1970s; it started fading after the 1980s when population growth came almost to a full stop. Since the 1990s the housing question in Athens became much more related to the social redistribution of the existing stock than the massive production of new housing. The main source for new housing demand was limited to the gradual relocation of large numbers of households to the suburbs and the broader periphery through processes that left a substantially different social imprint from those of the first post war period. The second important source of housing demand were immigrant groups and was targeted to rented accommodation in central areas. Segregation was reinforced in the new and socially homogeneous middle-class suburbs. Moreover, during the last two decades, social access to homeownership was considerably limited following the decline of the two dominant housing systems that promoted working-class homeownership. This outcome was further reinforced by the rapid growth of housing credit that boosted –but also socially differentiated– housing demand as, at the same time, it led to strong increases of housing prices from the mid 1990s to the beginning of the sovereign debt crisis (Emmanuel 2004).

During the same period, changes in the labour market have also been important. The small family business was in constant retreat, in spite of the unexpected resource it found in the abundant and cheap immigrant labour force. Access to employment in the public sector was radically reduced affecting disproportionately lower social groups whose social mobility depended on it much more than the rest. Important problems have, however, also affected categories at the higher end of the occupational hierarchy, –like doctors, legal professionals and engineers– whose increasing numbers decreased individual

opportunities leading them to substantial difficulties<sup>3</sup>: underemployment for the self-employed, employment in lower grade jobs than those expected following their training, pressure on their remuneration.

Demographic changes in the city have also had significant social effects. The population of Athens –as in most cities in economically developed countries– is ageing. In 1951 those over 64 years old represented approximately 5% of the total population, while in 2001 they had reached 15% (16,2% in the native Greek population) and 17,4% in 2011 (ESYE 1951; EKKE-ESYE 2005). Ageing –resulting both from the increase in life expectancy and the decrease in fertility rates– in the Greek familist welfare system does not only affect the solvency and the prospects of pension funds, but also the ability to provide care through the family: increasingly less children have to provide care for their parents, while the increasing number of childless people is by definition deprived of this type of resource. During the last twenty years, the (female) immigrant work force has covered a substantial part of this need, since it was difficult for native Greek women to combine traditional roles of domestic work with their increasing participation in the official labour market. In 1961 the percentage of Greek women aged 19-64 that were economically active was approximately 29%, while in 2001 it had reached 55% and was especially high (70%) for those between 25 and 34 (EKKE-ESYE 2005). It is obvious that these changes and the problems they lead to in the familist welfare context are a much greater burden for those who have no access to alternative solutions, i.e. for lower social groups and migrants.

Immigration has been the other very important facet of demographic change in Athens during the last twenty years. A large number of immigrants has settled in Greece and many of them –especially those that settled during the first fifteen years (1990-2005)– were able to get integrated rather smoothly in the local economy and society in spite of the lack of active policies to facilitate their integration (Cavounides 2002). The rather smooth integration of immigrants can be attributed to the positive economic climate that culminated in the preparation for the 2004 Olympic Games and, on the other hand, to available and accessible niches in both the labour and housing markets. In the former, it was mainly jobs that were abandoned by native Greeks as they moved upwards in the occupational hierarchy following the strong social mobility of the previous decades; and in the latter, it was the housing stock around the inner-city but also in peripheral locations that was devalued and often abandoned before the immigrant inflow (Maloutas 2014). In the second half of the 2000s, however, the rather smooth integration of immigrants started to change following the deterioration of the economic climate, but also following the change in the profile of new immigrants who no longer originated from the neighbouring Balkan countries but from war zones of the broader Middle-East, and were disproportionately male with very low educational skills. These changes led to the end of the serendipitous coincidence between qualities of

---

<sup>3</sup> Similar problems for these occupational categories seem to exist in Spain: from the mid 1990s to 2007 the increase in their remuneration was the smallest compared to all other occupational groups (Dominguez et al. 2012).



migrants and needs of the local economy and society (Arapoglou et al. 2009). Under current conditions it becomes increasingly harder to face immigration issues. New difficulties related to the scarcity of resources invested for immigrant integration have to be taken into account on top of the long absence of positive immigration policies. In this sense, immigrant groups –and especially those situated at the lower social positions (Arapoglou et al. 2009)– are in danger of being entrapped in conditions with no mobility prospects and in permanent threat of effective marginalization.

Therefore, changes in the labour and housing markets, as well as demographic changes during the last 20 years increased inequalities in terms of living conditions and mobility and paved the way for a deeper crisis impact.

### **3. THE IMPACT OF THE CRISIS**

#### **3.1. Increasing inequalities in education and employment**

The negative social trends depicted earlier resulted from policies followed by Greek governments during previous decades and from features of the Greek economy that became increasingly problematic in a context of growing globalization. The policies adopted to face the crisis made the preservation of social rights a defensive battle and limited acceptable solutions to what neoliberal orthodoxy would prescribe. The dominant political discourse led to de-legitimizing the policies of the past, putting forward their outdated clientelist character and avoided to address their socially redistributive effect that kept social inequality on a lower level than what could be reasonably expected from the absence of a properly organized welfare state. As a result, de-legitimation affected not only clientelist political management –an easy target on grounds of both morality and efficiency– but also social rights. Clientelist populism appeared as a relation of mutual guilt between political parties and the electorate, supposedly leading to excessive and unsustainable income redistribution, while other facets of former policies (like tolerance to tax evasion from elite groups) were much less visible in public debate and did not seriously affect anti-crisis policies.

The ongoing deregulation in the labour market (substantial shrinking of the public sector, free access –for investors– to formerly protected professions, precarization of working conditions in both the private and public sectors, compression of labour cost) has led to a social restructuring bearing significant similarities with the restoration of capitalism in former socialist countries: multifaceted increase of social inequality that theoretically should increase economic performance. An important difference, however, is that in Greece, and in the rest of South European countries, these changes could not be dissimulated behind claims for the restitution or expansion of political liberties.

Changes in education are also following a course that enhances social division in the name of boosting educational and eventually economic performance. From primary to higher education the option to increase diversity among educational units –justified by stressing the increasingly diverse

demand– is leading to the increase of already substantial educational inequalities. Education is increasingly commodified as it is considered a service that has to satisfy the expectations of consumers (students/families) diversified in terms of both preference and solvency; it is also commodified following its new management ethics and the way its humanistic mission is increasingly downplayed. The changes in education along these lines –especially in higher education– started to be implemented in 2005 by introducing elements of foreign educational systems (especially from the US and the UK) that have pioneered such changes. The discourse was about modernizing the Greek educational system and about increasing its social accountability and efficiency, but the policy change can be summed up as a naive and superficial attempt to produce positive results through the adoption of isolated elements belonging to educational systems whose overall rationale was neglected or ignored. Some changes (e.g. the appointment of governing bodies on criteria of ‘excellence’ rather than on democratic vote from institutions’ congregations or the evaluation of university departments following ill-prepared evaluation procedures) have been adopted, while others (e.g. the establishment of private universities) remain pending. As these changes begun to be implemented before the crisis, the most important impact of the latter was the substantial reduction of funding for education and research and the shrinkage of human resources through the complete stop of new hiring, the non-replacement of retiring personnel and the recent attempt to lay off a large number of university administrative employees that seriously disturbed the two older universities in Greece and led to long strikes during 2013.

The decision to increase choice and to diversify curricula and services to address a socially unequal demand in secondary education follows an international trend and leads to a growing social diversity in education, which is then translated to a more unequal access to higher education and to an enlarged reproduction of social inequality. Social and spatial differentiation of school quality was already an important factor of chances for social mobility in Athens before these policy changes (Maloutas et al. 2013). On the contrary, policies following a different direction –like the Zones of Educational Priority that would address educational and social problems in areas of multiple deprivation (Koutouzis et al. 2012)– were given insufficient resources and were quickly abandoned. The prospect of increasing inequality through education in a country under acute crisis is even gloomier when countries with a much more equitable social distribution of educational opportunities, like Denmark, face increasing difficulties in bridging social differences through education (Andersen 2012).

### **3.2. Housing and sociospatial inequalities**

Changes in housing conditions and policies have affected the city in more direct ways. Homelessness has attained unprecedented levels (over 22.000 homeless in the whole country and 15.000 in Athens reported by Balampanidis et al. 2013) in a country where it used to be insignificant. If homelessness is the extreme form of housing deprivation, a host of other problems appeared in the housing market following the rapidly growing unemployment that reached 27%

in 2013. This is especially important in conditions of absence of social housing provision; social rented housing was never developed in Greece (Allen et al. 2004). This means that the neediest social groups were always unprotected by social housing policies, the latter being almost exclusively turned towards lower middle and working-class groups (namely workers and employees) with an income that made them eligible for access to homeownership (Economou 1987). The shock from the crisis had, therefore, to be absorbed within the private rented market; and it was partly absorbed due to the social profile of private landlords who are almost entirely small property owners whose total income largely depends on the rent of each of their very few tenants since they rarely own more than one or two units. These landlords are often retirees having invested their life's savings in small property holdings. Rent for them is often a complement to a small pension or their only income. Thus, the decreasing ability of tenants to face former rent levels resulted much more in substantial rent reductions than in evictions.

The situation became more complex when the impact of new property taxation policies reached the housing market. Following a long tradition, current property taxation was once more not decided considering its consequences on housing. Such policy measures were usually triggered, throughout the post-war period, by the expectation to mobilize the broader economy through house-building activity or to produce positive political effects by enabling access to homeownership rather than to improve housing conditions for the neediest part of society. Following the same approach, the new property taxes were decided to face sovereign debt, without considering their impact on housing. At first sight, taxing property seems a measure of social justice, drawing resources from those who have more instead from those who have less. However, in Southern Europe the social consequences of taxing real property are quite complex since homeownership and urban landed property are socially diffused.

Until recently, real property in Greece was taxed at a low rate through local tax (a centrally imposed tax in favour of municipalities collected together with the residence tax through electricity bills) and heavily taxed when transferred. Exemptions or lower tax rates applied for the acquisition of a first principal residence and for intra family transfers up to a certain amount of real property value. Large properties (over 300.000 euros) were taxed additionally following a progressive rate, but the owners of very large properties often avoided taxation through offshoring. The first new measure was to impose a substantial emergency/temporary property tax on all properties using electricity (therefore under some form of effective or potential use) with the explicit objective to meet the conditions of Greece's bailout memorandum by maximizing tax collection. The next step was to change the way income from property was taxed. This tax is henceforth calculated independently from other income. The most recent change was the introduction of a new property tax affecting all forms of real property independently of their actual use that unifies previous property taxes. At the same time, transfer taxes are considerably lowered (from over 10% to 3%) since 2014.

Lowering the transfer tax is supposed to facilitate transactions in a stagnating market. It may also be considered a response to a change of context. A high transfer tax was effective during the rapid urbanization years when transactions were abundant and inevitable, even though residential mobility within urban areas was very low both for new settlers and old urban residents.

The rationale of the new property tax policy is unrelated to housing concerns as it is absolutely turned to macroeconomic objectives. There are two main objectives in the recent changes concerning this policy:

- The increase of tax revenue from extending the taxation base and, consequently, the social diffusion of the tax burden.
- The mobilization of the economy through real property recommodification.

Recent changes introduced substantial taxation for all properties independently of their use, their value and the income they generate. A large number of small property owners are henceforth subject to taxation as income from property is taxed with a fixed rate independently and, therefore, is not exempt from tax if it is part of an annual income below the taxation threshold. At the same time, tax is substantially reduced for large income from property (the high tax rate on real property income (33%) is considerably lower than the high tax rate on other income (42%)) while the issue of tax evasion for large property holders is still not addressed, and special incentives are provided to foreign investors in properties over 250.000 euros (five year residence permit).

The stimulation of the property market through taxation seems to be a strongly defended position by the troika (EU, ECB, IMF) but somehow reluctantly adopted by the Greek government fearing its social and political impact. The idea is that idle properties make no sense and owners should be coerced to make their properties provide rent or sell them to others that would do so. Moving from transfer to withholding property taxes is a way of coercing owners to put their properties on the market for a lower price in order to face the cost of their properties' idleness. The impact of this policy may be very different depending on the social profile of landowners. When idle properties belong to large owners whose retreat from the market is a form of self-serving regulation of property values, policies of coercion through taxation may be justified. On the contrary, when most properties belong to small landowners who keep them vacant due to absent demand or rent them at any price offered by the market since they depend on that income or –in most cases– use them as their own residence, things are quite different. This type of petty landownership cannot refuse lower rent levels, especially in times of crisis, and thus has to accommodate lower levels of tenant solvency. Such flexibility of the private rented sector is especially important in a country without a social rented sector. Moreover, a large number of elderly outright homeowners use their decommodified properties as their main shield against poverty. The demise of small property owners in the effort to increase public revenue may be pregnant with unexpected social consequences.

The recommodification of small properties through taxation pressure means in fact dispossession of petty owners in favour of some other type of investors under the ideological conviction that a more mobile housing market is always a solution rather than a problem. Taxing the idle outright owned properties coerces their holders to sell in order to face their tax and other obligations produced under crisis conditions. This happens regularly since owners' other income is seriously reduced and the market value of properties has spectacularly decreased, while taxes are still calculated on the fictitious pre-crisis level of property values in the official tables used for that matter. Thus, owners are compelled to sell at extremely low prices and are in fact dispossessed. This is why there is complete reluctance to sell when it is possible to avoid it, and the number of transactions in recent years is very small.<sup>4</sup> Prospective buyers are not many within national borders, but could be found amongst middle-class pensioners or leisure home seekers from other European or more distant countries. This type of demand, however, is mainly related to properties in tourist areas and affects much less urban neighbourhoods in distress, where the percentage of small property owners is very high.

Under these new conditions it should increasingly start to make sense being a tenant in a low rent market, where homeownership is heavily taxed, compared to the previous long period when affordable cost led eventually to homeownership that was free of substantial tax charges after its acquisition. However, cataclysmic changes and a paradigm shift in tenure should not be expected unless the crisis and austerity policies remain long enough to really exhaust petty homeowners' reserve resources (see also Emmanuel, in this volume).

Homeownership in Southern Europe is the highest on the continent (it exceeds 80% in Greece and Spain and is quite close in Italy and Portugal (Allen et al. 2004)). For very long years the growth of homeownership has been a dynamic and lucrative process, often with important differences among these countries regarding the actors involved (e.g. large construction companies, banks and big landowners in Spain versus small constructors and petty landowners in Greece) and the patterns of sociospatial outcomes. In spite of differences, massive access to homeownership solidified conservative –and sometimes authoritarian– political regimes in the region during the first post-war decades: homeownership was one of the major socially integrating assets provided in these rapidly urbanizing poor countries since it constituted the foundation, as well as a clear symbol, of social mobility. Through the years, most of the housing stock in these countries have eventually become outright owned properties. At the same time, the demand for new stock for homeownership decreased due to demographic changes (less geographic mobility within the countries and reduced fertility rates that make family assets sufficient to cover current and future needs even if those are increased by the internal division of family households). We have reached a point where housing

---

<sup>4</sup> The number of transactions fell precipitously: -10% in 2010, -28% in 2011 and -38% in 2012 (Bank of Greece 2014).

properties are relatively decommodified and transactions –outside intra-family readjustments– are not decreasing only due to insolvent demand.

This makes previous policies that facilitated access to homeownership much less important, while rented housing begins to be reappraised both as a household strategy and a business prospect. The idle fixed capital embodied in the outright owned housing stock is seen as a problem by those who consider that commodifying everything leads to an ever increasing growth, and that this is the only way to insure economic and social sustainability. The destruction of social relations embedded in this idle form of fixed capital seems a probable unintended consequence of the current taxation policies of real property.

The dominant discourse about the crisis unearthed the clientelist policy frame of social regulation in post war Greece and easily de-legitimated it, implying that clientelism and whatever it was related to were the main culprits for current problems. This critique of clientelism on grounds of morality and efficiency has been absolutely eclectic in targeting redistributive policies and made no reference to other aspects of clientelist management, especially to relations of state power with elite groups. This critique of clientelism aimed eventually at de-legitimizing social rights as resulting from clientelist arrangements and to make any claim to social equity seem out of place.

The deep crisis of public debt in Greece continues to bring important social consequences for the capital city due to the direct impact of the recession and to the impact of policies imposed by the bailout agreement (restructuring of social expenses and decrease of labour cost) that reduce considerably chances for future growth. These consequences contribute to strengthening social inequality, since crises usually create opportunities to violently redistribute income and wealth. Athens is therefore experiencing through the crisis the socially dividing impact of globalization that other cities experienced in less abrupt ways, while adjustment policies are exacerbating rather than attenuating the socially dividing effects.

After six years of crisis and recession the impact continues to be strong and the prospect for positive change continues to seem distant. The lower social strata in Athens are further losing their chances for social mobility, and part of them is in danger of persistent marginalization following long term unemployment. Marginalization in the labour market is coupled by increasing marginalization in education, where these strata are relegated, more than in the past, to options that are increasingly dissociated from future employment. Competition with the middle-classes, when the latter become also very anxious and intensify their family strategies to insure the prospect for their children's social mobility, makes things even harder. The situation is even worse for immigrants who have to face the enduring lack of integration policies, their curtailed social rights and their much smaller social capital. For the broader middle-class groups there is a tangible growing fear of declining social mobility. The loss of many family businesses and the limited prospects for self-employment in many prestigious professions, along with the drastic limitation of hiring by the public sector, make the reproduction of these strata an increas-

ingly difficult process. The intergenerational fall to lower occupational positions, the high unemployment rate, the employment by necessity in jobs unrelated to training, the long wait for a satisfactory job, the long financial dependence from the parental household, the prolonged stay in the parental home, and the new wave of emigration are processes affecting middle and lower social categories that started before the crisis and were clearly reinforced since. We are probably facing the end of what Tsoukalas (1984) called the miracle of a lower middle-class society. The end of a social and political compromise in the post-war period in which the ruling classes enjoyed an unequal share and privileged access to all kinds of important resources, while intermediate and working-class groups were not marginalized, but could reasonably hope for social mobility through education, self-employment and homeownership. This end of an era may be carrying further consequences due to its previous social and political organization, i.e. to the lack of an adequately organized system of social protection, to the familist limitation of the traditional solidarity culture and to the complete unawareness by current policies of the fact that they operate (within) a major change of the welfare paradigm. However, nothing is lost until it is really lost; the considerable opposition to current policies may always bring unexpected outcomes.

## REFERENCES

- Alexandri, G. (2013) *Social and spatial change at the centre of Athens: The case of Metaxourgheio*, PhD thesis, Harokopio University.
- Alexandri, G. (2014) Reading between the lines: Gentrification tendencies and issues of urban fear in the midst of Athens', *Urban Studies*.
- Allen, J., Barlow, J., Leal, J., Maloutas, T., Padovani L. (2004) *Housing and welfare in Southern Europe*, Oxford, Blackwell.
- Amin, A. (ed.) (1994) *Post-Fordism: A Reader*, Oxford, Blackwell.
- Andersen, H.T. (2012) The Solidity of Urban Socio-spatial Structures in Copenhagen, in Maloutas, T., Fujita, K. (eds) *Residential Segregation in Comparative Perspective. Making Sense of Contextual Diversity*, Farnham, Ashgate, 177-96.
- Antonopoulou, S. (1991) *Postwar Transformation of the Greek Economy and the Residential Phenomenon*, Athens: Papazisis.
- Arapoglou, V.P., Sayas, J. (2006) Urban sprawl and immigrant segregation in peripheral areas of the Athens metropolis, paper presented at the conference *Immigration in Greece: Experiences – Policies – Expectations*, Athens].
- Arapoglou, V.P., Kavoulakos, K.J., Kandyli, G., Maloutas, T. (2009) The new social geography of Athens: Immigration, diversity and conflict, in Ventoutra, L. & Papataxiarchis, E. (eds) *The challenge of immigration*, *Synchrona Themata*, special issue, 31/107, 57-66.
- Arapoglou, V.P. (2006) Immigration, Segregation and Urban Development in Athens: The Relevance of the LA Debate for Southern European Metropolises, *The Greek Review of Social Research*, 121(C), 11-38.

- Arapoglou, V.P., Sayas, J. (2009) New Facets of Urban Segregation in Southern Europe: Gender, Migration and Social Class Change in Athens, *European Urban and Regional Studies*, 16(4), 345-362.
- Arapogou, V.P. (2007) Immigrant segregation and housing inequalities in Athens: Exposed to affluence or deprivation? *Proceedings of the 8th National Geography Conference*, Athens, Greek Geographical Society.
- Arbaci, S. (2007) Ethnic Segregation, Housing Systems and Welfare Regimes in Europe, *European Journal of Housing Policy*, 7(4), 401-33.
- Arbaci, S. (2008) (Re)Viewing Ethnic Residential Segregation in Southern European Cities: Housing and Urban Regimes as Mechanisms of Marginalisation, *Housing Studies*, 23(4), 589-613.
- Atkinson, R., Bridge, G. (eds) (2005) *Gentrification in a Global Context: The New Urban Colonialism*, London, Routledge.
- Balampanides, D., Patatouka, E., Siatitsa, D. (2013) The right to housing within the crisis in Greece, *Geographies*, 22: 31-44 [in Greek].
- Bank of Greece, Direction of Economic Analysis, Department of Real Estate Analysis (2014) *Analysis results of the national real estate registry*, 1<sup>st</sup> trimester 2014.
- Cavounides, J. (2002) Migration in Southern Europe and the case of Greece, *International Migration* 40(1), 45-69.
- Domínguez, M., Leal, J., Martínez Goytre, E. (2012) The Limits of Segregation as an Expression of Socioeconomic Inequality: The Madrid Case, in Maloutas, T., Fujita, K. (eds) *Residential Segregation in Comparative Perspective. Making Sense of Contextual Diversity*, Farnham, Ashgate, 217-36.
- Economou, D. (1987) Housing policy in post war Greece, *The Greek Review of Social Research*, 64, 56-129.
- Economou, D. (1988). Land and Housing System in Post-war Greece: Functional Equivalents to the Keynesian Welfare State. In D. Economou, T. Maloutas (Eds) *Problems in the development of welfare state in Greece*, Athens, Exandas, 57-113.
- EKKE and ESYE (2005) *Panorama of Census Data 1991-2001, Database and mapping application*, Athens.
- Emmanuel, D. (2004) Socio-economic Inequalities and Housing in Athens: Impacts of the Monetary Revolution of the 1990s, *The Greek Review of Social Research*, 113A, 121-144.
- ESYE (National Statistical Service of Greece) (1951) Census results of April 7 1951, vol. II.
- Feinstein, S.S., Gordon, I., Harloe, M. (eds) (1992) *Divided Cities. New York and London in the Contemporary World*, Oxford, Blackwell.
- Ferrara, M. (1996) The 'Southern' Model of Welfare in Social Europe, *Journal of European Social Policy* (6), 17-37.
- Hamnett, C. (1994) Social polarisation in global cities. Theory and evidence. *Urban Studies*, 31, 401-24.



- Hamnett, C. (1996) Social polarisation, economic restructuring and welfare state regimes, *Urban Studies* 33, 1407–30.
- Harvey, D. (1989) *The Condition of Post-Modernity*, Oxford, Blackwell.
- Hill, R.C., Fujita, K. (2003) The nested city: introduction, *Urban Studies*, 40(2), 207-17.
- Hill, R.C., Kim, J.W. (2000) Global cities and developmental states, *Urban Studies*, 37(12), 2167-98.
- Knox, P., Agnew, J., McCarthy, L. (2003) *Geography of the World Economy*, London, Arnold (4<sup>th</sup> edition).
- Koutouzis, M., Kyrides, A., Maloutas, T., Papadakis, N., Syrigos, S. (2012) *Educational Priority Zones. Executive summary of the work of the Social Research Group*, Ministry of Education.
- Lees, L., Slater, T., Wyly, E. (2008) *Gentrification*, London, Routledge.
- Maloutas, T. (2007) Segregation, Social Polarisation and Inequality in Athens during the 1990s: Theoretical Expectations and Contextual Difference, *International Journal of Urban and Regional Research*, 31(4), 733-58.
- Maloutas, T. (2014) The archeology of the decline of the city center: Residential location choices of affluent groups, in Tsilimpounidi M., Walsh A. (eds) *Re-mapping 'Crisis'. A guide to Athens*, Winchester, Zero Books, 26-42.
- Maloutas, T., Alexandri, G. (2014). La gentrification dans des villes non gentrifiables ? Rénovation urbaine et changement des structures sociales dans le centre d'Athènes. In C. Rhein, E. Preteceille (eds.) *Gentrification, transformations des quartiers populaires et couches moyennes : notion unique, processus pluriels*, Paris, La Découverte.
- Maloutas, T., Fujita, K. (eds), forthcoming, *Residential Segregation Around the World. Why Context Matters*, Faringham, Ashgate.
- Maloutas, T., Karadimitriou, N. (2001). Vertical social differentiation in Athens: Alternative or complement to community segregation?, *International Journal of Urban and Regional Research*, 25(4), 699–716.
- Maloutas, T., Arapoglou, V., Kandylis, G., Sayas, J. (2012) Social Polarization and De-segregation in Athens, in Maloutas, T., Fujita, K. (eds), *Residential Segregation in Comparative Perspective. Making Sense of Contextual Diversity*, Farnham, Ashgate, 257-84.
- Maloutas, T., Hadjiyianni, A., Kapela, A., Spyrelis, S., Valassi, D. (2013) Education and social reproduction: The impact of social position, school segregation and residential segregation on educational performance in Athens, RC21 Conference 'Resourceful Cities', Berlin.
- Marcuse, P. (1989) Dual city: A Muddy Metaphor for a Quartered City, *International Journal of Urban and Regional Research*, 13(4), 697-708.
- Marcuse, P. (2002) The Partitioned City in History, in P. Marcuse and R. van Kempen (eds) *Of States and Cities. The Partitioning of Urban Space*, Oxford, Oxford University Press, 11-34.
- Marcuse, P., Van Kempen, R. (2000) Introduction, in P. Marcuse, R. van Kempen (eds) *Globalizing Cities. A New Spatial order?*, Blackwell, 1-21.

- Marcuse, P., Van Kempen, R. (eds) (2002) *Of States and Cities. The Partitioning of Urban Space*, Oxford, Oxford University Press.
- Mingione, E. (1996) Urban Poverty in the Advanced Industrial World: Concepts, Analysis and Debates, in E. Mingione (ed.) *Urban Poverty and the Underclass. A Reader*, Oxford, Blackwell, 3-40.
- Mollenkopf, J.H., Castells M. (eds) (1991) *Dual city: Restructuring New York*, New York, Russel Sage Foundation.
- Musterd, S., Ostendorf, W. (eds) (1998) *Urban Segregation and the Welfare State. Inequality and Exclusion in Western Cities*, London, Routledge.
- Perrons, D. (2003) *Globalization and Social Change*, London, Routledge.
- Porter, L., Shaw, K. (eds) (2009) *Whose Urban Renaissance? An International Comparison of Urban Regeneration Strategies*, London, Routledge.
- Sassen, S. (1991) *The Global City: New York, London, Tokyo*, Princeton, Princeton University Press.
- Sayas, J.P. (2004) An exploration of the social and spatial division of labour in the Athenian urban space', *The Greek Review of Social Research*, Social Change and Segregation Trends in European Cities, 113 (A), 167-200.
- Sayas, J.P. (2006) Urban sprawl in peri-urban coastal zones', *The Greek Review of Social Research*, Social transformation and Governance issues in Eastern and Southern European Cities, 120 (B), 71-104.
- Tsoukalas, K. (1984) Employment structure and the miracle of small and medium size firms, *Anti*, 213, 36.
- Wacquant, L. (2008) *Urban Outcasts. A Comparative Sociology of Advanced Marginality*, Cambridge, Polity.

### L'IMPACT SOCIAL ET SPATIAL DE LA CRISE À ATHÈNES

**Résumé** - Cet article analyse l'impact de la crise financière sur les structures urbaines et sociales de la ville d'Athènes. Il montre le passage progressif d'une régulation traditionnelle du marché immobilier et du logement, aux accents fortement clientélistes, à une forte dérégulation durant la crise qui conduit à un net renforcement de la ségrégation sociale et spatiale.

**Mots-clés** - HABITAT, INÉGALITÉS SOCIALES, ÉDUCATION