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Subject: SOAR PROPOSAL from Michael Giacoumopoulos and Gary Olson
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SOAR: Giacoumopoulos/Olson

March 11, 2013

SOAR Proposal for Summer 2013

The Political Economy of Austerity: Greece as a Case Study

Student: Michael Giacoumopoulos, Political Science and Philosophy GPA: 3.41

Faculty Advisor: Gary Olson, Chair, Department of Political Science

Project Dates: May 28 – August 16, 2013

Statement of Purpose:

The rending of Greece's social fabric is well underway and the likely socio-political consequences are immense. As I recently observed first hand, tens of thousands of Greek citizens regularly pour into the streets in Athens and Thessaloniki as part of nationwide strikes and protests against drastic austerity measures

Imposed by the country's "troika" of external lenders, including the European Commission, European Central Bank and the International Monetary Fund.

The three institutions are holding future loan installments hostage unless the Greek government engages in massive privatization (selling off) of state

assets, forced unemployment, hospital closures, deep pension, increasing the retirement age, curtailing overtime and limiting worker rights on the job,

Wage cuts over the previous 13 months amounted to 26 percent and the real loss of income has approached 50 percent over the last three years.

Further, in the last three years the Greek economy has declined by more than 20 percent while GDP dropped by 6.7 percent. All this has been

accompanied by a two-thirds cut in social spending and a one-third rise in taxation. In 2012, some 58 percent of young people between the ages

of 15 and 24 years of age were unable to find employment and 700,000 long-term unemployed have exhausted all their benefits.

As Michael ominously observes in his prospectus, one must return to Weimar Germany in the 1930s to find a political and economic crisis of this magnitude, a major factor in the ascendancy of the Nazis to power. As such the events unfolding in Greece provide an unparalleled case study that may portend to greater or less degree what the future holds for other EU members. Even in the United States, recent "bipartisan" support for austerity measures -- cutbacks in so-called entitlements -- is just one indicator of this trending pressure.

The Greek opposition, including some political parties, contend that the bailout will primarily go to bankers, hedge fund holders and especially German financiers who they blame for creating the crisis. Indeed, several Greek pundits worry that the country will become Germany's de facto fiefdom in Europe. As a result, Greek working class organizations and the second largest political party have proposed the following: an immediate halt to debt payments that will, payment that in their view, will bankrupt the country; strictly prohibit capital flight from Greece; nationalization of banks under democratic worker control; refusing to accept the austerity measures on behalf of averting a Eurozone crisis. Given this position, it's difficult to escape the conclusion that Greece is facing an intractable situation. Michael seek answers to fundamental questions such as: Who is at fault for this situation? Does the power of external financial markets threaten to overwhelm the sovereign Greek state, the birthplace of democracy? Would the bailout pave the way for healthy economic growth in Greece? Is the Greek case, as many experts argue, the test case for the survival of the European Union and the future of the vaunted European social welfare state? What lessons can be learned and applied?

I was able to spend two weeks in Greece last May and now have a much better sense of how to advise Michael on pursuing this topic, especially questions to pose during his time in Greece in August. Frankly, having an additional year in which Michael and I

were in weekly contact and reviewed hundreds of articles on the Greek crisis allowed us to submit a much stronger proposal this time around. In addition, because the politics of austerity was the theme of two of my courses, this year, POSC 115: International Politics and POSC 210: Workers in the Global Economy, I feel more comfortable in directing Michael toward more productive readings, especially work that will help prepare him for his on site research in Greece. Because we were unable to include an on site research trip to Greece as part of our earlier proposal, we believe the project is now on much firmer footing and closer to the SOAR ideal. Michael's family connections in Greece and his intermediate level facility in the language further enhance the chances for a successful outcome.

Budget: It's our understanding that budget allocations for SOAR projects are standardized for the recipients. If this project is approved we will inquire about the availability of travel funds.

Student and Faculty Interaction on this Project:

Michael:

- * Michael will continue to online, library and interlibrary literature searches. Over the past year he has amassed an extensive bibliography, including Greek sources.
- * Participate in all SOAR functions during the summer
- * Report on readings during regular meetings with adviser
- * Work on improving his oral Greek language skills
- * Write up first and second drafts
- * E-mail contact political party offices and other potential interviewees in Athens to set up a schedule for August.

Olson:

- * Meet with Michael on a regular basis and also maintain close e-mail contact
- * Attend all SOAR meetings
- * Share his own work on neoliberalism and the austerity crisis in Europe, some of which is from his recent book *EMPATHY IMPERILED: Capitalism, Culture and the Brain* (New York: Springer, 2013).
- * Began outlining the next stage of his project, an senior's honor's thesis on the political economy of the Greek crisis
- * Advise Michael on preparing an op-ed for *The Morning Call*, to be written upon his return from Athens.

Timeline:

May 27 – June 14: Literature review and write up summaries of most appropriate sources.

June 15 – June 30: Set up interview schedule for Greece.

July 1 – July 15: Submission of draft outline to Olson; Further reading and preliminary draft of library portion of the project.

July 15 – August 1: Second draft of library research portion of the study, confirm interviews and final draft of questions.

August 1 – August 6: Michael presents second draft to SOAR members (date TBA) for critique and suggestions.

August 8 – August 23: Michael's study/research trip to Athens.

August 25 – 30: Finalize paper, including interview portion. Submit to Olson via e-mail (Olson in Maine last part of August)

On or before August 31 (Approx) Submission of final SOAR project to Dr. Ben Coleman.

Anticipated Outcomes:

- 1) Subject matter will form the core for Michael's senior honor's thesis.
- 2) Use the project as part of his application for a Fulbright-Hays award to Greece.
- 3) Michael's guest lecture in POSC 115: International Politics (Fall, 2013 and Spring, 2014).
- 4) Opinion piece for The Morning Call
- 5) Paper for conf. on undergraduate student research.

SOAR Research Project – Summer 2013

Project Title: The Political Economy of Austerity

Student: Michael Giacomopoulos

Faculty Mentor: Dr. Gary Olson

On-Campus Housing: N/A

On the subject of austerity, Greece has been a focal point for failed economic practices in an attempt to resolve the worsening economic crisis plaguing the country since 2009. The purpose of this research is to ascertain the truth in regards to the factors that contributed to the downfall of the Greek economy and furthermore the degradation of many countries in the European Union including Spain, Ireland, and Italy.

Under dictates from the "troika," consisting of the European Commission, European Central Bank and the International Monetary Fund, the Greek government has enforced crippling austerity measures resulting in a one-third decline in average income, steep tax increases, unemployment at 28%, rising suicide rates, and highly visible homelessness. News accounts describe a sharp scapegoating and persecution of immigrants. In addition to huge reductions in public spending, a massive fire sale of public assets is underway.

To obtain a bailout package from international creditors, painful conditions have been imposed on the most vulnerable Greek citizens. The country is experiencing social disintegration, public morale is at the lowest point since 1945 and there have been 30 general strikes since the crisis began in 2009. These austerity measures have only led to crippling unemployment hovering around 28% and social backlash.

There are people and organizations in the world responsible for this financial disaster and the ineffective economic practices that have been ushered forward in an attempt to mitigate damages. However, all worthwhile gains garnered by these measures have escaped the needing hands of the population and instead have only aided organizations that in no small part led to the crisis itself. It is the case, as some authors suggest, that a financial oligarchy, including foreign bankers, corrupt officials, and tax-avoiding Greek shipping magnates are behind the crisis.

By examining the financial history of Greece as well as the various economic and governmental institutions responsible for the welfare of Greece, I hope to uncover the truth as to what or who are responsible for the crisis. Furthermore, I will examine how the failed practice of severe austerity has limited growth in the public sector and only worsened the depression while benefiting only those at the very top of the economic ladder.

Lastly, this economic regression in Greece has led to drastic social and cultural change. The rise of the Golden Dawn party – now the third most popular political party – has created a political and social atmosphere plagued with racism, neo-Nazism, and fascism. By examining the rise of Golden Dawn and the damaging social environment, we can see how financial disaster can lead to regressive social engineering that only serves to scapegoat the issues on those unfortunate enough to be caught and blamed.

The consequences that are soon to be unfolding will determine the future of Greece and its role in the European Union. There seems little doubt that whatever the outcome, the situation in Greece will profoundly affect all of Europe.

In an attempt to further my understanding and studies of the crisis in Greece, I plan to travel to Athens in August, tentatively August 8th to the 23rd. My travels will include visits to the University of Athens to speak with rising graduates whose future job prospects are tenuous at best. Furthermore, I plan to tour and survey the Hellenic Parliament and gain a first-hand account of political action in the city. My travels will hopefully include interviews with university professors, available politicians, competing political parties including the Golden Dawn, and any active protestors in a further attempt to gain an all-encompassing viewpoint of the crisis in Greece.

Below is a tentative bibliography to give an idea as to my sources of information. Given that my topic is a current and ever-changing situation, there has yet to be quality sources beyond that of first-hand accounts (like my travels to Greece) and the reporting services from various worldwide news organizations.

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