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Michail Melidis, Stylianos Ioannis Tzagkarakis, Nikos Papadakis

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Evolving Social Vulnerability in Greece's Turbulent Landscape: Challenges and Policy Pathways¹

Michail Melidis², Stylianos Ioannis Tzagkarakis³ & Nikos Papadakis⁴

Abstract

This policy brief examines the evolution of social vulnerability in Greece from the 2008 crisis to the post-pandemic recovery and why recent macroeconomic improvements have not yet translated into broad social gains. Drawing on composite-index evidence, it identifies a two-phase trajectory: sharp deterioration across education, employment, healthcare and living standards during 2008–2016, followed by gradual improvement from 2017–2022 amid falling unemployment, yet with persistent risks for NEETs and workers in precarious jobs. The analysis links austerity era, health-system constraints, income losses and housing pressures to unmet needs and reinforced inequalities and shows how these dynamics erode trust, weaken social cohesion and complicated policy delivery. Building on the brief's findings, it outlines actionable pathways: strengthening the social safety net (minimum income, targeted assistance), restoring and rebalancing public health expenditure with an emphasis on primary care and prevention, tackling skills mismatches through upgraded VET, apprenticeships and lifelong learning, improving job quality and female labour-force participation and expanding affordable housing supports. It also recommends governance measures, greater transparency, accountability and selective decentralization, to rebuild confidence and ensure that growth becomes socially inclusive. The brief argues that only a coordinated package spanning welfare, health, labour-market modernization and place-based social policies can durably reduce vulnerability and prevent a relapse into “permacrisis”.

Keywords: Social vulnerability; Greece; austerity; welfare state; healthcare access; living conditions; labour market; NEETs; social cohesion; governance; inclusive growth.

Introduction

Over a decade ago, Greece faced a severe debt crisis, enduring years of intense austerity and hardship. To avert economic collapse, the nation secured three bailout programs between 2010 and 2015, totalling €289 billion, from Eurozone governments, the European Central Bank, and the IMF. These funds came with rigorous conditions, including severe austerity measures, designed to curb the budget deficit and enhance economic competitiveness. After a profound economic depression that saw its economy shrink by 28%, Greece now appears poised to leave this turbulent era behind, embarking on a new economic chapter (EC, 2025). Greece's journey through the crisis involved distinct phases:

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² University of Exeter, UK.

³ Hellenic Open University, Greece.

⁴ University of Crete, Greece.

an acute crisis (2008-2016), a period of consolidation (2017-2020), and, post-pandemic, a resurgence of growth. Yet, a critical question remains: beyond the impressive economic turnaround and ‘growth overperformance,’ what does this remarkable shift truly mean for Greece’s societal issues? Has the nation's economic recovery healed the social wounds from the crisis and addressed lingering vulnerabilities, or is Greece still grappling with its path forward?

In crisis-ridden Greece, social vulnerability emerged as a critical issue. Simply put, social vulnerability refers to the susceptibility of an individual, group, or community to the adverse impacts of natural or human-induced stressors (Fordham et al., 2013). It highlights the inherent features and existing inequalities within a social system that determine the people’s ability to anticipate, manage, withstand and recover from such impacts. Crucially, social vulnerability underscores how pre-existing inequalities (e.g. income disparity, lack of education, limited access to resources, and systemic issues) disproportionately affect certain populations during changes and disasters (e.g. economic shocks and crises), limiting their capacity to adapt and respond to threats. Recognized as an intricate and multidimensional phenomenon, its socio-economic and political ramifications were far-reaching (Ranci, 2010). Often a destabilizing force, social vulnerability impeded the nation's efforts to escape a prolonged 'perma-crisis, characterized by unfavourable economic prospects and significant international oversight. This challenging environment was compounded by parallel crises like migration, the COVID-19 pandemic, and energy/inflation surges. These factors collectively exposed Greece's systemic inefficiencies and chronic vulnerabilities, most apparent across four core areas, education, employment, healthcare, and living standards. Social vulnerability in Greece unfolded in two phases, according to a composite index (Melidis et al., 2024). The first phase (2008-2016) saw a dramatic increase in vulnerability across all areas due to political and economic instability, marked by high unemployment, poverty, social exclusion, material deprivation, and issues in education and healthcare. In contrast, the second phase (2017-2022) showed gradual improvement in social vulnerability, driven by decreasing unemployment and economic recovery. However, concerns remain about the lasting effects, as vulnerable groups are still at risk. Particularly, NEETs (Not in Education, Employment, or Training) and those in precarious employment consistently faced challenges, including a heightened risk of in-work poverty, social exclusion, and marginalization in a fragmented labour market (Drakaki et al., 2022; Papadakis et al., 2017). Overall, rising social vulnerability points to widening inequalities and a potential weakening of social cohesion. This analysis, drawing from recent research (Melidis et al., 2024; Melidis and Tzagkarakis, 2022), highlights ongoing challenges despite economic improvements and offers policy responses to reduce social vulnerability in Greece.

Challenges

Healthcare and Living Conditions

The economic crisis in Greece has severely weakened its healthcare system, leading to a significant reduction in human and economic resources, reduced accessibility, and a decline in the overall quality of care with serious implications for the health of the population. Specifically, austerity-driven cuts have deteriorated access to medical treatments and resulted in lengthy waiting times for essential services like appointments, surgeries, and ICU beds. High medical costs and unaffordable health insurance have also led to an increase in unmet healthcare needs, affecting both the general population and vulnerable groups such as the elderly and those from lower-income backgrounds (Crookes et al., 2020). Furthermore, structural problems in the organization, financing, and delivery of services, coupled with severe cuts in public healthcare expenditures within the Greek National Health System, have significantly impacted the quality and availability of public health services (Economou et al., 2015). Additionally, the crisis has caused a deterioration of healthcare infrastructure, severe staff shortages, and a decline in the mental health of the Greek population. Beyond healthcare, the crisis has profoundly exacerbated living conditions for significant parts of Greek society. The country has experienced a sharp decline in income, reduced purchasing power, and a substantial increase in poverty levels. For example, wage cuts and tax increases reduced disposable income by more than 40%, with estimates suggesting a loss of approximately one-third in the purchasing power of Greek citizens. This pervasive income insecurity, compounded by increasing housing costs, has significantly contributed to higher levels of poverty and social exclusion (Petraikos et al., 2023). Notably, the rising cost of living and low pensions have forced Greece's elderly population to struggle to meet their basic needs, leading to increased material deprivation, social isolation, and a higher likelihood of mental and physical health issues. Low-income families and migrants were also particularly vulnerable. In the housing sector, the economic crisis led to an increase in homelessness. Widespread over-indebtedness, declining incomes, and unaffordable costs, has pushed many individuals and families into insecurity, further contributing to the rise in homelessness.

Labour Market and Education Policies

The economic crisis and austerity measures exposed and worsened deep-seated structural vulnerabilities within the labour market, hindering Greece's economic recovery, human capital development, youth employment, and overall workforce stability (Kanzola, 2022). A clear indicator of these market distortions was the surge in youth unemployment and precarious employment. The 'brain drain' that followed the economic crisis saw approximately 400,000 highly qualified Greeks

emigrate in search of better employment, financial opportunities, and career stability. While recent economic recovery has shown some signs of a ‘brain gain’ with some individuals returning, this significant outflow of talent has severely depleted the human capital essential for national recovery (Panagiotakopoulos, 2020). Despite efforts to reduce overall unemployment, youth unemployment (aged 15-24) has consistently remained disproportionately high, with many young graduates struggling to find jobs. This situation was intensified by underfunding and cuts in public spending on education and training. A significant contributing factor is the disconnect between the demands of the labour market and the education system. Many young people enter the workforce lacking essential skills, and the absence of robust vocational training programs impedes their smooth transition into stable employment. Furthermore, a pronounced skills mismatch persists: the skills taught in the education system often do not align with the actual needs of the job market (Petrakis, 2022). For instance, university graduates are frequently considered either overqualified for available positions or lacking the specific skills employers require, particularly in digital skills, where Greece lags behind most EU Member States. The shortage of skilled labour is also evident in sectors such as agriculture, construction, tourism, and IT (Marioli et al., 2022). Although vocational education and training (VET) often provides better employment prospects for graduates it suffers from an undervalued and negative perception, resulting in low attractiveness and participation compared to general education. Consequently, the young workforce is often trapped in a cycle of in-work poverty, financial uncertainty, and insecurity (Papadakis et al., 2017). Another critical issue is the gender gap, with lower female labour force participation than men.

The Erosion of Social Cohesion

The high level of social vulnerability in Greece signifies an erosion of trust in public institutions and a palpable ineffectiveness of governance (Melidis and Tzagkarakis, 2022). The lack of public confidence in the state's ability to effectively manage social problems directly diminishes public participation, thereby undermining governmental legitimacy and impeding the implementation of crucial policies. Such a pervasive condition fosters widespread public disenfranchisement with the political system, its parties, and core institutions. This disaffection, in turn, fuels a surge of populism and progressively erodes the foundations of modern democracy, ultimately leading to systemic instability. Concurrently, widening inequalities, political polarization, and a pervasive sense of injustice further sow the seeds of social unrest and resistance to policy initiatives. Within this challenging environment, the trust of particularly vulnerable groups, such as youth and marginalized populations, faces further decline. This occurs when they perceive existing policies as insufficient to address their fundamental needs. A critical risk emerging from this situation is the fracturing of the

country's social fabric, a consequence exacerbated by persistent poverty, unemployment, low income, and limited opportunities for social mobility. Beyond these immediate impacts, the degradation of social capital presents further challenges. Limited social networks and a diminished sense of belonging directly weaken social ties, reduce civic engagement, lead to a decline in adherence to laws, and foster general disillusionment with the political process. This erosion can manifest as heightened identity politics, characterized by animosity between in-group and out-group members, hindering collective action. Consequently, a lack of cooperation and shared commitment culminates in profound social fragmentation, escalating economic inequalities, and weakened governance. These societal maladies also carry significant economic repercussions which deter investments, increase transaction costs across various sectors, and lead to uneven resource allocation. Furthermore, discrimination and social polarization contribute to inefficient labour markets and an irreplaceable loss of human capital.

Conclusion & Policy Pathways

Following a decade-long crisis and successive bailout programs, Greece has made significant strides in restoring its international credibility and returning to growth. Notably, the nation has successfully transitioned from a substantial public deficit to a budget surplus, and the overall unemployment rate has now fallen below 10%, indicating a commitment to fiscal consolidation and a new economic direction. However, these positive economic indicators have not yet translated into tangible improvements in the daily lives of Greek citizens. The enduring impact of the economic crisis is evident in persistent high social vulnerability, while the state continues to grapple with deep-seated inefficiencies. Indeed, austerity measures have left significant negative consequences across various sectors, including the labour market, education, healthcare, and living standards. Tight budgets and fiscal policies have constrained Greece's ability to increase social welfare spending. Furthermore, structural challenges within the labour market hinder the smooth integration of vulnerable groups. These challenges include high youth unemployment, precarious employment, and a mismatch of skills, creating an environment where old practices that trap these groups in in-work poverty can persist.

Declining trust in public institutions underscores the need for more advanced policy interventions to ensure that economic gains translate into equitable social well-being for all. Building greater trust in public institutions and improving governance requires significant increases in transparency and accountability. Additionally, a shift towards a more decentralized and localized approach for delivering social services would empower regional and local authorities to respond more effectively

to the specific needs of their communities. Against this backdrop, strengthening and expanding social welfare programs is crucial to provide a safety net for those in need (Matsaganis, 2013). This includes securing minimum income schemes and bolstering social assistance. Additionally, more targeted support and specific programs are essential, such as ensuring adequate pensions and home care for the elderly, providing tailored assistance for low-income families and migrants, and increasing the supply of affordable housing alongside targeted housing allowances or rental subsidies to prevent evictions and alleviate housing-related financial strain. To address social wounds and foster more inclusive and sustainable growth, policy reforms prioritizing the social safety net are paramount. This requires a greater and more strategic allocation of public health expenditure to establish universal access to high-quality healthcare, alongside an overhaul of social welfare programs. The aims of the latter include recalibrating unemployment benefits, securing minimum income schemes, and providing sustained support for low-income families and the elderly. Amidst rising prices and a housing crisis, central strategic planning for tax incentives, an increased supply of affordable housing, and targeted financial assistance is necessary to mitigate financial hardship and reduce social exclusion for vulnerable groups. Meeting citizens' growing health needs demands a strengthened healthcare system, achieved through restoring and increasing public health expenditure to adequately fund hospitals, clinics, and primary care services. This also necessitates diversifying funding sources, strategically investing in primary care, mental health, and preventive services, and rationalizing pharmaceutical spending, alongside efforts to support, retain, and train healthcare professionals.

Furthermore, a strong emphasis should be placed on modernizing the labour market and the education system to enhance their synergy. Specifically, aligning educational curricula with current labour market demands and significantly investing in vocational education and training programs are critical steps to equip individuals with in-demand skills. To foster more stable employment, stronger incentives to reduce precarious work and enhanced labour protections are necessary. Moreover, attention should be given to lowering youth unemployment through customized initiatives such as apprenticeships, internships, graduate schemes, lifelong learning and training opportunities, and practical work experience. Addressing the gender gap in workforce participation requires improved wages and salaries, available and affordable childcare options, and flexible work arrangements.

Greece's challenges are also intensified by an aging population and insufficient social infrastructure. To effectively combat social exclusion and marginalization, a comprehensive and tailored set of measures is crucial for various vulnerable groups. For the elderly, this means implementing comprehensive aging programs that include social activities, digital literacy training, and opportunities for intergenerational interaction to directly combat social isolation. Strengthening home

care services will further allow them to remain in their communities, greatly alleviating their daily struggles. For youth (NEETs – Not in Education, Employment, or Training), tailored programs that combine education, vocational training, and counselling with practical work experience are essential. Creating robust mentorship schemes and apprenticeships will further ease their critical transition into the labour market, equipping them with crucial marketable skills (Papadakis et al., 2017). For migrants and refugees, offering targeted language courses, cultural orientation programs, essential legal assistance for residency and work permits and vocational training that aligns with their existing skills and local economic needs, will significantly facilitate their integration into both local communities and the workforce. Lastly, for people with disabilities, investment in accessible infrastructure is fundamental. Alongside these, promoting inclusive education and employment opportunities are significant steps to support their independent living and full participation in society. Ultimately, enacting robust and comprehensive policies will be fundamental to building a more resilient and inclusive society and decisively addressing the challenges of the past.

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