GREEK TRAGEDY

A handsome former Air Force officer in his fifties, Andreas Loverdos was looking for prostitutes—but not for himself.

On the morning of May 1, 2012, Loverdos, a medical doctor and the Greek Minister for Health, joined a squad of officers from the Greek Police Enforcement and Justice Department on the streets of Athens’ downtown Omonia neighborhood. Ten days before a very tense Greek general election, Loverdos had decided to take action.

In April 2012, the Greek government had passed a law allowing Loverdos’s Health Department to test anyone for sexually transmitted diseases—with or without their consent. The new law came in response to STD reports from hospitals and clinics all over Greece. New cases of HIV infection had jumped 52 percent between January and May 2011 alone. This was an astounding increase. HIV, often thought of as a disease most prevalent in developing countries, had been stable in Greece since the turn of the century. It hadn’t risen so drastically in any Western European country in over ten years.¹

The news of Greece’s HIV epidemic made international headlines, and was taken as a sign that the country was falling behind the rest of Europe. Loverdos was in an awkward position—running for re-election just as the news of Greece’s failing public health system drew the world’s attention.
When in late 2011 the BBC began describing Greece as the “sick man of Europe,” Loverdos felt compelled to respond. The Greek government had made radical cuts to the public health budget, under pressure from the IMF and European Central Bank. HIV prevention programs were among the first to be axed. So Loverdos called a meeting with his top campaign strategists. The group came up with a plan that has, historically, worked in almost all countries in which sexually-transmitted disease rates have spiked: scapegoat the most vulnerable people.2

Casting himself as the new protector of “unsuspecting family men,” Loverdos appeared on national television pledging to restore morals and virtue to a Greek society that had lost its way in the recession. He vowed to arrest prostitutes, calling them a “menace to society” and an “unsanitary bomb.” His Department of Health fed the Greek media a stream of photos of HIV-positive prostitutes, branding them a “death trap for hundreds of people.”3

As the prostitution sting continued in Athens’s seedier neighborhoods, the police also surrounded the elite five-star Hotel Grande Bretagne in Constitution Square, in the heart of Athens close to the Parliament. They were shielding the hotel’s guests from the crackdown, and from the rising numbers of homeless people—beggars, drug users, and street children—who had taken up residence in the alcoves of abandoned shops, subway grates, and doorways surrounding the square. Homelessness had jumped by 25 percent between 2009 and 2011, as a spike in foreclosures and a shattered social protection system left people with nowhere to go. Meanwhile, homicides doubled in Greece between 2010 and 2011, with a marked rise in Athens’ downtown area surrounding the Hotel Grande Bretagne.

The police were also protecting the Bretagne’s guests from the angry protesters camped outside its doors. The hotel was one of the unofficial residences for the “troika,” the foreign technocrats from the European Central Bank, European Commission (the executive body of the European Union), and the IMF, who were locked in heated discussions about Greece’s future. In May 2010, as the negotiations about a potential bailout dragged on, protesters gathered in the square. A few turned into a hundred, then a few thousand, starting skirmishes with the Athens police, who met the protesters’ calls for democracy with tear gas, police dogs, and riot tanks.

The narrative of this Greek tragedy was essentially the opposite of the story of Iceland. At the behest of the troika, Greece’s democracy was sus-
A brutal dose of austerity, unlike any seen in Europe since rationings during World War II, threatened the lives of the poorest and most vulnerable, who were now paying for errors made by the government and banking sectors. As more and more news of public health crises came in, government officials repeatedly met the evidence with open denial, failing to acknowledge, let alone respond to, what was a growing catastrophe.

Greece alas served as an unwitting laboratory for testing how austerity impacts health. The roots of this extreme case of disaster can be traced to a tsunami of financial failures, corruption, tax evasion, and ultimately a lack of democracy. The popular will was not able to express itself in Greece as it had in Iceland.

To understand how Greece got into such a mess, we need to go back at least four decades. At the fall of the country’s military junta in 1974, which seized power in 1967, Greece’s economy was among the poorest in Europe. After Greece transitioned to democracy, the economy was rebuilt on tourism, shipping, and agriculture. Tourists flocked to white sand beaches on Greek party islands like Mykonos and Santorini, and Greek farmers supplied Europe with cotton, fruit, vegetables, and olive oil. Overall, Greece’s economy grew slowly, but steadily, at less than 1.5 percent each year on average in the 1980s and 1990s.

Then, Greece’s admission to the European Union in January 2001 set the country on course for an economic boom. EU capital began flooding into Greece, fueling a construction bonanza. Over the next five years, European Structural Funds provided $24 billion for infrastructure projects. The Greek government matched the EU funds with heavy borrowing, supporting large-scale construction projects such as new ports for shipping and sport facilities to host the 2004 Olympics in Athens. The government even built a large museum in order to reclaim the Parthenon Marbles, which had been snatched by an English aristocrat and installed in the British Museum. The Greek museum was one of the biggest cultural projects in Europe, at a cost of $200 million.

Thanks to a combination of EU funds, foreign investments, and low tax and interest rates, by the mid-2000s Greece’s economy was red hot. In February 2006, George Alogoskoufis, Greece’s minister of finance, said, “We are in a position to achieve an economic miracle.” That June, the Greek economy hit a peak of 7.6 percent GDP growth. (Portugal and Spain, the other EU countries that had started in similar economic positions to Greece, continued growing at less than 2 percent per year.)
Beneath the surface, however, the economy was in trouble. The Greek government was running 5 percent deficits each year to maintain infrastructure projects, which could only be sustained because of its high growth rate. Part of the problem was excess spending, but deficits were also rising because the government had cut corporate tax rates from 40 percent in 2000 to 25 percent in 2007 in an effort to attract companies to set up business in Greece. The bottom line was that Greece had enacted the opposite of sound macroeconomic policy: spending too much in good times rather than saving money in case of future needs. This dangerous economic pattern of development would soon have devastating effects on the health of Greece’s people.

When US banks started to melt down in 2008, Greece’s financial sector was caught in the ensuing storm. Unlike Iceland, Greek citizens experienced not one, but a series of financial earthquakes. The first was a “demand shock,” or loss of demand for Greek goods and services, as well as less construction. Then came a “real numbers shock” in which Greece’s economic data were revealed to have been fabricated. Finally an “austerity crisis” hit the country: the shock from the measures that the IMF and European Central Bank imposed on Greece in return for financial bailouts—despite data (and plenty of evidence, even from within the IMF) that such measures were neither necessary nor smart for helping economic recovery or preventing a public health disaster.

The demand shock in Greece came after the US mortgage-backed securities crisis. Between May 2008 and May 2009, the Athens Stock Exchange fell by 60 percent. While less directly exposed than Iceland’s largest banks to shady international investment transactions, Greece’s economy was indirectly at risk because it was on the receiving end of the risky investments. As Europe’s investors lost their fortunes, lavish trips to Greek islands stopped, imports of Greece’s fruits and vegetables declined, and construction projects came to a halt, leaving cranes dangling in mid-air. While Europe’s and North America’s bankers were bailed out, these bailouts did little to shore up the ripple effects on the Greek economy. The average Greek household income fell by 0.2 percent in 2008 and another 3.3 percent in 2009, in what began Greece’s slow descent into an abyss of financial despair.

This initial tremor was then followed by a financial earthquake, the real numbers shock, in which it was revealed that Greece’s economy was far weaker than the government had claimed. In the years before the crisis, the European
Union's statistical agency, EuroStat, had flagged a number of concerns with Greek economic reports. One audit by the European Commission's accountants, for example, found that Greek authorities had wrongly classified certain debts as being outside the government budget. A group of German auditors also used a computer algorithm to detect what looked like fraud: it suggested that someone in the Greek government had cooked the books and had typed in a bunch of inflated numbers to add up to a better budget result.

Investors had seen the signs of financial fragility and a bubble forming, but had ignored the warning signs—that is, until the crisis opened Greece's economy to global scrutiny. In early 2010, Greece's real financial situation was revealed to be a great deal worse than even the EU auditors had thought. Reporters discovered that Greek leaders had paid the investment bank Goldman Sachs hundreds of millions of dollars in fees to arrange transactions that helped hide the country's real level of borrowing from the EU throughout the past decade. The country's debt data had been manipulated to look good enough for the nation to enter the Eurozone; Goldman Sachs had done such a good job of covering up the fraud that the data passed a detailed financial review by European Union auditors. In reality, Greece's debt levels had grown from 105 percent in 2007 to 143 percent of GDP in 2010.

In early 2010, when news broke of Greece's real economic situation, panic ensued. Credit ratings agencies downgraded Greece's bonds to "junk" status in April 2010. This frightened investors who might have otherwise sensed a business opportunity in Greece and could have helped the economy recover. The interest rates on Greek government bonds began to spiral out of control as investors, having no idea what the real situation was, feared investing in the country. Greek interest rates jumped from 2 percent in 2009 to 10 percent in 2010, making government debt even more costly to repay.

This real numbers shock was followed by even more suffering in Greece than the demand shock. Greece's GDP sank further, falling by 3.4 percent in 2010. The super-rich had stashed funds in offshore bank accounts; it was ordinary people who paid the price. Unemployment rates rose from 7 percent in May 2008 to 17 percent in May 2011. Among young people seeking their first jobs after high school or college, unemployment rose from 19 percent to 40 percent. A generation of newly educated people was starting adult life out of work.

Now Greek society stood at the brink of collapse. With uncertainty hamstringing the country's ability to pay back debts, and its currency tied to the

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rest of Europe, the Greek government had few options to pay for basic needs like garbage collection and fire stations. It was forced to turn to the IMF for help. In May 2010, the IMF offered loans with the usual strings attached: privatize state-owned companies and infrastructure and cut social protection programs. If the Greek government agreed, the IMF and European Central Bank would provide 110 billion euros in loans as part of a three-year bailout plan that would go toward paying off Greek debt. Greece’s creditors—including the French and German banks that had helped fuel Greece’s construction bubble—took a so-called haircut, agreeing to write off half of their debts and to lower interest rates on their loans to the country.11

Whether to accept this IMF package was a matter for public debate, but Greece’s leaders felt there was no alternative. At first, Prime Minister George Papandreou, who headed the major party, PASOK, the Panhellenic Socialist Movement, tried to convince fellow Greeks that this would be the only way forward. In May 2010 amid the negotiations, he portrayed the decision as black or white, between “collapse and salvation.” No one else was willing to lend money to Greece. But he recognized the pain the IMF bailout would bring. On approving the IMF’s plan, he said: “With our decision today our citizens will have to make great sacrifices.”12

Overall, the IMF’s aim was to make cuts totaling 23 billion euros in three years, about 10 percent of its entire economy, and sell off state enterprises for 60 billion euros to reduce Greece’s deficit from 14 percent to less than 3 percent of GDP by 2014. The troika’s lending documents revealed that public-sector workers would bear the brunt of the cuts, facing mass layoffs, wage cuts, and pension reductions. The bailout also included conditions to raise taxes on fuel and related commodities by 10 percent, further emptying people’s pockets and reducing their buying power.

Protests against the troika plan began in May 2010 with a series of strikes and demonstrations. Led by the Direct Democracy Now! Movement, thousands of protesters from every political party filled Syntagma Square. The protests started peacefully, but soon turned violent, leaving three protesters dead. Fires from Molotov cocktails lit up the Athens skyline at night. Amid the turmoil, one budget sector managed to avoid cuts: the police. Two thousand new police officers were hired and given extra training in riot control. Tear gas, riot gear, and tanks were brought in for use by the police and military.13
As in Iceland, the Greek protesters called for a nationwide referendum on the agreement. Prime Minister Papandreou promised that the government would protect the most vulnerable: “It is not going to be easy on Greek citizens, despite the efforts that have been made and will continue to be made to protect the weakest in society.” Nevertheless, the first IMF austerity package went into effect in May 2010, without a vote.

We had been studying how economic change impacted public health since 2007, before the financial situation deteriorated in Greece. We had pulled together all the data we could lay our hands on from the Greek health system—from hospitals, non-governmental organizations, the health ministry, and household surveys. We could see early warning signs of trouble brewing: rising unemployment, mass foreclosures, increasing personal debt—all which were risk factors for declining health. Greece’s badly weakened social protection programs were ill-prepared to cope with a sudden rise in the number of people needing support, especially after being crippled by radical austerity measures.

Exact figures on the health impacts of austerity were hard to come by. Government reports on the subject seemed to be perpetually delayed or otherwise unavailable. When they did come, they suggested that the health system was improving. One official government report praised the healthcare system’s progress as a result of improvements in efficiency. But anecdotal reports from doctors in both Greek and international newspapers made us concerned that serious problems were looming.

When healthcare systems collapse, good Samaritans sometimes come forward to pick up the slack. One New York Times investigation reported on a Greek underground Robin Hood network of doctors who used donated medications and supplies to treat patients no longer covered by the Greek public healthcare system. Dr. Kostas Syrigos, chief of oncology at Sotiria General Hospital in central Athens, described one patient as having the worst breast cancer he had ever seen. She had been unable to get medical care for a year because of the troika’s healthcare reforms. When she arrived at the underground clinic, her tumor had burrowed through her skin and started weeping fluid onto her clothing. She was in excruciating pain, and mopping up the ulcerating wound with paper napkins. “When we saw her we were speechless,” Dr. Syrigos said to the reporter. “Everyone was crying. Things like that are
described in textbooks, but you never see them because until now, anybody who got sick in this country could always get help.\textsuperscript{14}

The stated goal of the troika's austerity plan—"to modernize the healthcare system"—sounded like it would avoid these catastrophes. Who wouldn't want to modernize their healthcare system? Greece's system was indeed in need of reform, a point that was well-known among European public health researchers. The problem is that the troika plan wasn't drawn up by healthcare experts or even based on their recommendations. Rather, it was constructed mainly by economists with little or no input or guidance from healthcare experts. It was as if a government had set out to modernize the automobile industry without talking to anyone who understood how a car was produced.\textsuperscript{15}

The IMF's "recovery" plan was based on the fuzziest math. Its goal was "to keep public health expenditure at or below 6 percent of GDP, while maintaining universal access and improving the quality of care delivery. In the short-term, the main focus should be on macro-level discipline and cost-control." Where that 6 percent target came from was never mentioned, but it was puzzling, since all other Western countries spend far more than that to maintain basic healthcare. For example, the German government, a premier advocate of the austerity plan in Greece, spends more than 10 percent on healthcare.

The IMF rolled out a series of risky ideas that sounded like good deficit-reduction measures. But in practice they led to people losing access to healthcare. One such idea was to cut spending on medications. The IMF's agreement with the Greek government specifically called for "a target to reduce public spending on outpatient pharmaceuticals from 1.9 to 1 and 1/3 percent of GDP." As with many IMF programs, these cuts looked even riskier once one delved into the reasons for Greece's rising healthcare costs.

After Greece joined the EU in 2001, the country's spending on pharmaceuticals soared. Quite why was at first unclear, although corruption was a main suspect. There were numerous reports of patients and pharmaceutical companies giving doctors a \textit{fakelaki} (small envelope) or directly depositing large sums into doctors' bank accounts, in exchange for prescribing more pills. Pharmaceutical companies also used creative ways of building relationships with doctors, taking them on lavish Hawaiian vacation-conferences and funding their membership in company advisory committees.\textsuperscript{16}
But while the IMF had correctly spotted a trend of rising costs, its solution made matters worse. Rather than regulating pharmaceutical marketing and sales, it cut hospital budgets, preventing hospitals from obtaining medicines and medical supplies. Hospitals started to run out of antibiotics. Waiting lines doubled and then tripled. Many patients were unable to find a doctor in even the largest city hospitals. In May 2010, just after the first IMF bailout package took effect, the pharmaceutical company Novo-Nordisk pulled out of Greece because it was no longer being adequately paid after the troika's price cuts; the Greek state owed the company $36 million. That pullout not only cost jobs but also deprived 50,000 Greek diabetics of insulin.17

Meanwhile, Greeks were reporting that their health was worsening. In 2009, compared to 2007, they were 15 percent more likely to report that their health was “bad” or “very bad.” These self-reports tend to correlate with overall death rates, making them a widely used indicator for a society’s health when other data are unavailable. (Here was another contrast to Iceland, where people reported that they were feeling just as good during as before the economic crisis.18)

We looked for more detail as to why these reports showed people’s health worsening during the crisis. We found that in 2009, people were 15 percent less likely to go to a doctor or dentist for treatment of medical problems, compared with 2007 (before the crisis). People were losing access because of long waiting times and excessive treatment costs. Fewer people could afford private care, so they turned to public hospitals and clinics. As private hospital admissions dropped, public hospitals filled the gap, with admissions rising approximately 25 percent. Then, instead of boosting support to meet the new demand, the government’s austerity budget cut the jobs of 35,000 clinicians, doctors and public health workers. As a result, waiting times became intolerably long. On top of all this, doctors, whose salaries were cut, reportedly turned to a longstanding practice of taking bribes from desperate patients trying to jump the queues, leading to more inefficiency and making it more difficult for impoverished Greeks to access healthcare.19

The combination of recession and austerity was creating a perfect storm of misery: budget cuts, clinic closures, and more “hidden” costs. The elderly were among the least resilient to these changes in the systems they had relied on for care. Overall, we estimated that at least 60,000 people over the age of sixty-five have so far forgone necessary medical care during the period of recession and austerity.
Apart from physical health, mental health was also worsening. Suicide rates were rising, most greatly among men—by 20 percent between 2007 and 2009. Consistent with this picture, mental health charities found that calls for help doubled. And this was likely the tip of the iceberg. Many Greeks didn't seek help because of the stigma that still surrounds mental illness there; the Greek Orthodox Church denies funerals to those whose deaths are classified as suicides. Perhaps predictably, therefore, Greece also experienced a rising number of "undetermined injuries" and other mysteriously unidentified causes of death that many doctors suspected were suicides disguised to save the honor of ashamed families.\textsuperscript{20}

With public health programs collapsing because of austerity, the incidence of infectious disease suddenly skyrocketed. The Hellenic Centre for Disease Control and Prevention detected a series of outbreaks immediately after large cuts had been made to infectious disease prevention programs. For forty years, insecticide spraying programs had effectively prevented mosquito-borne diseases from spreading in Greece. After funding had been cut for the southern part of the country, an outbreak of West Nile Virus occurred in August 2010, killing sixty-two people in southern Greece and central Macedonia. Then, for the first time since 1970, there was a malaria outbreak in the southern Greek regions of Lakonia and East Attica. The European Centre for Disease Prevention and Control recommended that travelers to southern Greece stock up on anti-malarials and take other precautions like mosquito spray and nets. It was a special warning that had previously been reserved for travelers to sub-Saharan Africa and tropical parts of Asia.\textsuperscript{21}

But perhaps most strikingly, an HIV outbreak—the only one to occur in Europe in decades—emerged in the center of Athens. At first, the sex trade was suspected to be the sole source. But a closer look at the data revealed that twenty-eight of the twenty-nine sex workers whose pictures Loverdos published online were also intravenous drug users, so drug use was likely also a major factor.\textsuperscript{22}

Epidemiologists at the Hellenic Centre for Disease Control and Prevention were tracking the source of HIV spread. In Greece, as in many other parts of Europe, a significant fraction of all HIV transmission came from sharing infected needles. So the epidemiologists routinely monitored data from street clinics and studies of drug users' blood, to trace outbreaks and respond rapidly when they occurred. In 2011, the epidemiologists identified 384 new
HIV cases from street clinics and studies of drug users. They found little or no change in HIV infection rates from either homosexual or heterosexual activity. Instead, they verified that the bulk of the new HIV cases came from people using infected needles, who suffered a tenfold increase in new infections between January and October 2011.

"I've never seen so many drug users on the streets of Athens," noted a colleague of ours, who lived most of her life just a few blocks from Parliament Square. Figures from the Athens police department confirmed her perception. Heroin use had risen by 20 percent between 2010 and 2011, as desperate people—particularly youth facing a 40 percent unemployment rate—now lived on the streets and turned to drugs.23

The World Health Organization had a solution to the needle-driven spread of HIV. It recommended that in every country, each drug user should have about 200 clean needles per year available in order to avoid spreading HIV infections. This estimate was based on data from extensive studies in the 1990s showing that needle exchange programs effectively reduced HIV transmission without increasing drug use. But just as the Greek epidemiologists warned of a drug-related HIV outbreak, the budget for Greece's needle-exchange program was slashed. As a result, the Hellenic Centre for Disease Control and Prevention estimated there were only about three needles for every drug user. Moreover, a survey of 275 drug users in Athens in October 2010 found that 85 percent were not enrolled in a drug-rehabilitation program, despite high demand to participate. In Athens and other major Greek cities, waiting times for rehab programs had risen to more than three years under austerity.24

In this situation, there were few options left for Greece's Health Ministry. Its health budget had been cut by 40 percent. But there was a political alternative—the democratic option. One way to protect citizens even when foreign investors clamor for their money is to follow the path set by Iceland. There the public voted to delay the IceSave debt repayments and pay them back slowly over time, protecting essential budgets like public health, sanitation (the garbage hadn't been collected in many parts of Athens for weeks), and other essential services.25

And so, in November 2011, at the time the HIV outbreak became clear, Prime Minister Papandreou tried the Icelandic solution. He announced a referendum on a second round of austerity measures from the IMF and the European Central Bank. It was plainly apparent to the Greek public that the
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austerity program was not working. In spite of all the budget cuts, government debt continued to rise—to 165 percent of GDP in 2011. But under pressure from the troika and other European political leaders to pay back German and other investors quickly, Papandreou was forced to call the referendum off. While the referendum initially had support from the Greek cabinet, EU leaders voiced their opposition, and the prime minister faced a no-confidence vote in the Greek Parliament. Papandreou was forced to resign. Ironically, just as Europe praised democracy on the southern shore of the Mediterranean, having helped oust Libya's dictatorial Colonel Muammar Gaddafi, it was blocking democratic voting on the northern shore in Greece, the birthplace of democracy.26

Unlike Iceland, where the health minister resigned in protest at the IMF's proposed budget cuts to the health system, the Greek health minister, Loverdos, tried to weather the storm. The challenge was immense. In 2009 alone, the public health budget fell from 24 billion euros to 16 billion euros, and the next bailout was set to cut even more. And that was why the Greek Health Ministry had no spare funds to deal with the emerging HIV and malaria outbreaks.

At a conference in Athens in March 2012, we presented the Hellenic Centre's data to the Ministry of Health on the alarming rise of HIV. We called on the government to expand their needle-exchange programs. To our surprise, the ministry's representatives seemed entirely unconcerned. Their view was that these statistics were just due to North African and Eastern European immigrants who had traveled into Greece with HIV. When we then pointed out that the data showed that the majority of those affected were people of Greek origin, they had no comment.

In the subsequent weeks, we saw this pretense of ignorance morph into outright denial. When our research on health in Greece was published in The Lancet in March 2012 (after peer-reviewers had found the data analysis appropriately conducted, important, and alarming), Greek health system officials attempted to dismiss it. After we reported that overall suicides had risen by 17 percent, for example, a member of the health minister's staff wrote that this was a "premature overinterpretation" of the mental health crisis in Greece, even though the data had actually come from the Health Ministry itself. Our findings were then replicated by independent scientists from other universities. Meanwhile, suicide and depression rates continued to rise significantly, as verified by many Greek and international sources.27
In the week before the May 2012 elections, Minister of Health Loverdos himself responded publicly to concerns about the country’s worsening health problems. But his response seemed to have little to do with the nation’s health and much to do with the election. He resorted to xenophobia and scapegoating, arguing that immigrants were the country’s major problem, a “burden” on the healthcare system. He would clamp down on “welfare fraud,” claiming his plans would save Greek taxpayers 230 million euros.

Both immigrants and ordinary Greek citizens suffered from the large dose of austerity that followed Loverdos’s remarks. Budget cuts in 2009 and 2010 had already eliminated a third of the country’s healthcare services for immigrants. Further cuts from the second bailout in 2012 left the programs crippled. These programs were being overrun by demand: not from the immigrants for whom they had been designed, but from Greeks. The “street clinics” run by the Greek chapter of Médecins du Monde (which normally operates in low-income countries) estimated that the proportion of Greeks seeking medical attention from their clinics rose tenfold from 3 percent before the crisis to 30 percent. And to pick up the pieces of the crumbling Greek healthcare system, another international organization, the Nobel Peace Prize–winning Médecins Sans Frontières (Doctors Without Borders), launched emergency relief programs for the Greeks, even though they normally devote themselves to operating refugee camps in war-torn regions of the world.

In our eyes, the Greek austerity crisis was undermining the ultimate source of the country’s wealth: its people. But not everyone agreed. In November 2012, the economist Lycourgos Liaropoulos wrote a letter to the editor of the British Medical Journal to report that there was “no tragedy in health” in Greece. He acknowledged that “Many are without cover” and the churches, non-governmental associations, and others are “rallying to help” but claimed that there was “no evidence of denial of services to patients.” But he was ignoring substantial evidence: the continuing results of HIV surveys, the EU Statistics on Income and Living Conditions surveys, the malaria control reports, the suicide data, and, as we found, the data his team reported.28

Liaropoulos’s letter was published shortly after Dr. Samuel R. Friedman, director of HIV/AIDS research at the National Development and Research Institutes in New York, described the situation in Greece in July 2012 as alarming: “What they [the Greek government] are doing is creating an epicenter for the spread of the virus [HIV] in Greece and beyond.” Liaropoulos’s
letter also coincided with the visit of Dr. Marc Sprenger, director of the European Centre for Disease Control and Prevention, who had just ended a two-day trip to Greece’s hospitals and clinics. His conclusions made international headlines. “I have seen places where the financial situation did not allow even for basic requirements like gloves, gowns and alcohol wipes.” Dr. Sprenger’s conclusions were damning: “We already knew Greece is in a very bad situation regarding antibiotic resistant infections, and after visiting hospitals there I’m now really convinced we have reached one minute to midnight in this battle.”

When we looked into Liaropoulos’s background, we began to understand why he was defending the indefensible. He was one of the troika’s chief Greek advisers on austerity implementation, receiving numerous large grants from Minister Loverdos in the process. He was also responsible for reporting Greek health data to the Organization for Economic Cooperation and Development (OECD). Ironically, the reports his own subordinates submitted to the OECD came to rather different conclusions than he did: that there had been a 40 percent rise in infant mortality and a 47 percent rise in unmet healthcare needs between 2008 and the latest available year of data in 2010 and 2011, respectively. Liaropoulos’ team was responsible for the reports, but he appeared not to have agreed with the data inside them.

More official denials came from the Ministry of Health. Following reports that Greeks were having difficulty getting healthcare and giving up necessary doctors’ visits because of long waiting lines, distances to clinics, and excessive treatment costs, the ministry proudly claimed the hospital budget reductions were “a positive result of improvements in financial management efficiency.” In theory, this might have meant that it cost less to treat more people. In practice, it cost less because fewer people were receiving care.

People on the front lines knew that austerity was hazardous to health. A mayor of one of the malaria-affected towns, the physician Jannis Grippiotis, responded in frustration at the Ministry of Health’s prevarications. He said ministry officials hid data about the malaria outbreak until independent international authorities observed the spread of disease and reported it. Instead of acting, Greek officials “decided to cover it up,” said Dr. Grippiotis. “They called me crazy.” Doctors Without Borders program director Apostolos Veizis was enraged by the health situation and the failure of the Ministry of Health to respond: “What do you have to do to ring the alarm bell?”
The Health Ministry continued to avoid collecting and publicly disclosing many standard health statistics, so investigative journalists began filling the gaps. They broke stories that drug users were deliberately infecting themselves with HIV to get access to public subsidies of 700 euros per month, that some parents were abandoning their children because they could no longer afford to care for them, and that for the first time in decades there were cases of mother-to-child transmission of HIV, as routine screens for maternal HIV were no longer being conducted on pregnant women.32

Investigative journalists also exposed another assault on the Greek people's health, in a move we had encountered with the McArdle family in Scotland. The government was rewriting eligibility rules for disability and welfare support to exclude more and more Greeks—addressing "welfare fraud," in the words of the health minister. Tucked away in a small note on p. 129 of the July 2011 IMF report was a provision designed to reduce government spending: "The objective is to reduce the disability pensions to not more than 10 percent of the overall number of pensions. For this purpose, the definition of disability and respective rules will be revised by end-August 2011." Andrew Jack of the Financial Times translated what this revision meant for those in Greece with long-term disabling health conditions. He interviewed a Greek restaurant worker named Mrs. Zoi Gkezerva. Before the crisis, she had received 4,500 euros each month to help treat her daughter's rare genetic disorder, epidermolysis bullosa. The condition, which leaves a child with extensive skin blistering similar to burns, requires frequent and costly treatments using sterile needles and advanced dressings to prevent wound infections. Mrs. Gkezerva was cut off from any assistance for her daughter's care under the new welfare and disability "fraud" rules. "We don't have much time left; we've already used up almost all our savings," Mrs. Gkezerva said. Responding to her case, Dimitrios Synodinos, director of the Greek Alliance for Rare Diseases, noted that "Quite a number of rare disease patients have had their disability percentage reduced so much that they are in very, very difficult situation."33

Austerity was wreaking havoc on the health of the Greek people. The city of Athens was trying to cut health spending from 10.6 billion euros in 2009 to 7 billion in 2012—in the middle of an HIV outbreak, a massive increase in homelessness, and a rise in suicide, among other problems. In February 2012, doctors held a one-day strike to protest the massive cuts. George Patoulis, head of the Athens Medical Association, explained that the radical government
reforms to the healthcare system created chaos. No one even knew which patients would be covered for which services. Pharmacists went on strike for two days over arrears from social insurance funds, arguing government cuts to social welfare meant that they would close their doors.

The IMF’s attack on the Greek body economic continued as the Greek government ignored the mounting misery. As collecting and analyzing public health data were clearly not a priority, the troika continued enforcing new austerity policies. In late November 2012, the IMF and its European partners agreed to its third austerity program with Greece—with 2 billion more euros being cut from the nation’s healthcare system.

With austerity came 28 billion euros in bailouts, yet Greece was still not recovering. Government debt levels continued to rise, reaching more than 160 percent of GDP in 2012. It seemed inconceivable that all that money wasn’t achieving the intended stimulus to the economy or shoring up government debts. The New York Times investigated and found that the IMF and European Central Bank were funneling money through Greece and straight back to the United Kingdom, France, the United States, and Germany, to creditors there who had contributed to Greece’s disastrous bubble. Greece’s bailout was using public funds not to help Greece but to rescue the poorly invested private money of the world’s banking elite.

As in the crises in East Asia and Iceland, the IMF finally admitted, in 2012, that it had underestimated the harms that austerity could cause. One of the central arguments for austerity was the IMF’s assumption about the fiscal multiplier, the statistic describing how much economic stimulus is produced by each dollar of government spending. The IMF had assumed the multiplier was about 0.5—meaning that bigger budget cuts would help spur economic recovery. But the actual economic data from the austerity program turned out to be far worse than the IMF predicted, and the Fund was forced to admit its calculations had been wrong. In February 2012, the IMF set their chief economists to the task of re-estimating the multipliers. Those economists ended up getting the same results as we did, finding that the fiscal multiplier was greater than 1. In the words of the Fund’s chief economist, “we underestimated the negative effect of austerity on job losses and the economy.” So all this “help” from the financial community was followed by a negative spiral of worsening job losses, less money to spend at businesses, and declining investor confidence throughout Europe—ultimately the foundation for a public health disaster.34
Not only was austerity a mistake, but the worst possible kind of austerity was implemented. Public money invested in healthcare can be put to good use much more quickly than money invested in many other sectors. Indeed, healthcare is one of the few economic sectors that have been growing amid the economic downturn in Europe and North America. Healthcare investment leads to new jobs (nurses, doctors, technicians) and technological development (laboratory research, innovation), providing a much deeper stimulus to the economy than almost any other kind of government spending.

Imposing hardship on Greece wasn't an economic recovery strategy as much as a political strategy. Such a message sent a warning to the rest of Europe, indeed to the world: play by the rules of the banking elite, or else. The German Chancellor, Angela Merkel, talked of the Greek bailout package as a lesson to the rest of Europe. “These countries can see that the path taken by Greece with the IMF is not an easy one. As a result they will do all they can to avoid this themselves.”

Greece's tragedy has shown that austerity will not save a failing economy. Rather than being part of a solution, it is part of the problem.

There are alternatives to austerity. The most notable is the Icelandic solution. That country said no to radical austerity, increased social spending, and its economy began recovering. Iceland increased its health spending by 20 percent in the middle of the worst banking crisis in history. Ironically, even some German political leaders, though demanding that Greece immediately repay German investors, recognized the economic folly of cutting social welfare budgets. In 2009, Germany had implemented a 50 billion euro stimulus to its economy, totaling 1.5 percent of GDP. At the 2012 World Health Summit in Berlin, the conservative German health minister Daniel Bahr praised the results, arguing that investing in social protection systems was vital to helping a country's economy grow.

Conversely, while Europe was bailing out the banks that drove markets to the worst crash since the Great Depression, it imposed penalties on the Greek citizens who had little control over their government's accounting frauds or economic strategy. The economist James Galbraith called the treatment of the Greek people a form of “collective punishment.” This level of punishment was unprecedented in Europe. Even Germany after World War II had benefited from large-scale investment as part of the Marshall Plan to reconstruct its broken economy.
Unsurprisingly, the Greek people are furious and desperate. One of the most dramatic riots in the country, in October 2012, was sparked by the arrival of Chancellor Merkel. Six thousand police were mobilized for her protection, firing pepper spray and stun grenades at protesters who threw stones, burned Nazi flags, chanted “No to the Fourth Reich!” and hoisted banners reading “Merkel out, Greece is not your colony,” “This is not a European Union, it’s slavery,” and “They’ve turned our lives into hell.” The irony of Germany’s insistence on austerity in Greece even though Germany itself had been “bailed out” by the US and the rest of Europe after World War II was not lost on the Greeks.38

Beyond the economic damage, the harms wrought by austerity policies also destroyed Greece’s social cohesion (a factor vital to Iceland’s health stability). The Greek political scene witnessed a return of radical far-right parties, just as the politics of austerity did in post-Depression Europe. The neo-Nazi Golden Dawn Party stepped in to plug the hole in safety nets left by the troika. On the streets of Athens, they began serving hot meals to the hungry, at least to people who could show a Greek national identity card. Racist attacks have risen, as troops of Golden Dawn members prowl the streets to “purge” immigrants. The purges have now expanded to include gays and lesbians. The circumstances are eerily reminiscent of the Depression-era politics that paved the way for fascism and World War II in Europe. Blaming foreigners for the crisis became so popular that Golden Dawn claimed twenty-one seats in the 300-seat parliament in the May 2012 election.

Unquestionably, Greeks are not merely the victims of foreign mistakes. Many lived beyond their means, evaded taxes, and cooked their books. But the Greek government’s response to the recession turned a bad economic situation into a public health disaster. Whereas Iceland’s health looks more like that of the US in the New Deal, Greece’s health has begun to resemble that of Russia in the aftermath of Shock Therapy and mass privatization.

And so it was that on the morning of April 4, 2012, Dimitris Christoulas, age seventy-seven, whom we met at the beginning of this book, killed himself in front of the Greek Parliament. He had paid into his pension for years, running his pharmacy. But ironically, he could no longer afford medicines for himself. His pension was cut, and his retirement benefits slashed. He saw no other way out.