

# THE SOCIAL IMPACT OF THE EUROPEAN ECONOMIC CRISIS СОЦИАЛЬНЫЕ ПОСЛЕДСТВИЯ ЕВРОПЕЙСКОГО ЭКОНОМИЧЕСКОГО КРИЗИСА

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**Abstract:** The article discusses the social impact of the European economic crisis. The author seeks to demonstrate changes in the social life of European people due to the economic and political crisis. The impact of government austerity programmes is critiqued. The crucial role of non-governmental organizations is discussed. Now people attempt to make measures. Some of them leave their countries in search of better life and stable future. And some try to right a wrong. A change in government and EU priorities is called for.

**Аннотация:** Данная статья рассматривает такой вопрос как социальные последствия Европейского долгового кризиса. Автор пытается продемонстрировать изменения в социальной жизни Европейцев в связи с возникновением экономического и политического кризисов. Воздействие государственных программ строгой экономии подверглись критике. Рассмотрена ключевая роль негосударственных организаций. Сейчас люди пытаются предпринять меры. Кто-то покидает страну в поисках лучшей жизни и стабильного будущего. Кто-то пытается восстановить справедливость. Назрели перемены в системе ценностей государства и Европейского союза.

**Keywords:** European economic crisis, unemployment, government austerity programmes, social inequality, non-governmental organizations (NGOs).

**Ключевые слова:** Европейский экономический кризис, безработица, страны Европы, имеющие внешний долг, эмиграция, ожесточенные правительственные программы, социальное неравенство.

If you want to break the ice and get the conversation flowing in a room full of strangers, you should start by discussing the current economy, because there is nothing more important today than the European sovereign-debt crisis. From late 2009 to date we have heard about the structural problems of the Eurozone, a loss of confidence in the European Union and such troubled and heavily-indebted countries as Portugal, Ireland, Greece, Italy and Spain, buying Italian and Spanish Bonds, and of course how the German economy and confidence is decreasing. Much of the unease can be traced to the increasing realization that the European sovereign-debt crisis may be more traumatizing and intractable than previously understood. Presently economists and political analysts speculate about the breakup of the Eurozone, because global investors are dividing Europe once again into member states (Bullard, 2012). The whole world accepted the fact that the EU faces one of the greatest challenges in its existence: political, economic and social problems.

In this article we will discuss the overall effect and changes in the social life of Europeans. Loss of jobs, changes in living standards, large-scale inflation, and loss of international competitiveness have created streams of desperate people who can even sell their organs just to put food on the table. The black market for body parts is spreading among the poor in Europe (Bilefsky, 2012). Here we are talking about not only semen, hair, or breast-milk but also about kidneys and lungs. In Spain, Italy, Greece and Serbia such kind of activity is a fast growing business. Some people do it because they need money for school for their children; some do it because they simply have nothing to eat. In other words people are ready to sell kidney, liver, or do anything necessary to survive.

Another problem is mass emigration of Spanish youth to Germany. According to official statistics unemployment among 16 to 24 year olds in Spain has already reached 51 per cent, or 1.5 million youths, and the number of Spanish young people moving to Germany increased by 49% in 2011 (Andersen, 2012). Here we are talking about educated young people with at least a bachelor's degree and knowledge of English. Moreover there are people with bachelor's and master's degrees who simply cannot find decent jobs. Some Spaniards say that they do not have any choice except to head to another country which provides opportunities to get a job; in most cases such a country is Germany. Of course it is incredibly difficult to move to another country, especially for such a nation as Spain with its traditional family values. Some Spaniards leave their homes, and some stay with their parents. The economic crisis has prevented this

generation from starting an adult life and families. In Europe people call such youngsters the ‘Peter Pan generation’; it is understandable why – they cannot grow up, they are in their never-ending childhood. The worst thing that it is not their fault, no one can blame them. It is absolutely normal that people are afraid of entering into a marriage or having a baby in such an unstable economic situation. Katherine Newman, a sociologist, says, “For the rest of their lives, they’re damaged, even if there will be signs of recovery of Europe, for young people it will be still difficult to make a decision or become mature.” (Ibid.)

As mentioned previously, because of the reduction in salaries and mass unemployment, there were several programmes centered on cutting state benefits and public services, so called “austerity programmes”, which seem to be more than interim measures (EAPN, 2011). Such programmes affected several countries of Europe, including Ireland, Spain, Latvia, Bulgaria and Romania. Waiting lists in the health services for treatments and operations have increased, for example in Ireland and the UK. In Latvia a dramatic decrease in health expenditure is badly hitting hospital care, many patients are already affected by the reduction in services. Also in Romania additional fees on medical services and hospitalizations have increased. Both in Romania and Latvia medical salaries have undergone massive cuts and been reduced by 25% in 2010. Despite these statistics there are some good changes for a number of European countries, where measures were adopted to increase public investment in healthcare and reforms have been introduced to support citizens during these difficult times. For instance, in Germany healthcare tax deductions and a reduced contributions rate to healthcare insurance have been implemented (Garel and Lombardi, 2011).

Also we cannot avoid a discussion of social inequality. Some people think that inequality is a root cause of economic instability. From the very beginning of the crisis it was obvious that there would be a very wide gap between poor and rich people and the affects of the crisis on them respectively. Instead of improving this situation, austerity measures and regressive taxation choices can only serve to widen this poverty and inequality gap (Hanan, 2011). The European Trade Union Institute and European Trade Union Confederation have recently published the report “Benchmarking Working Europe 2012”. According to this report social inequality is growing and continues to quicken social disparity. The European Anti-Poverty Network mentioned in 2011 report negative impact of regressive taxes and increases in VAT which strongly affected on poor people. In addition, in Germany, tax breaks for the middle class have reduced resources for social services and social inclusion (Benchmarking Working Europe, 2012).

We cannot leave without attention the issue concerning contact between governments and the common people. These are hard times for all people in Europe, whether rich or poor, the ruling classes or blue-collar workers. The main thing is to be strong and supportive, but it has turned out that governments have become less willing to discuss solutions with civil society and, moreover, squeeze non-governmental organizations. Such kinds of organizations are very important for desperate people. As Hanan (2011) notes,

“NGOs play a vital role in providing frontline social services. Most NGOs report an increase in demand, at the same time as funding and income have been reduced. Requests for food bank services, homeless supports, budgeting advice and daycare, in particular, have risen significantly. In most cases, however, the increase in demand for services is coinciding with shrinking resources, cuts in public funding, difficulties in applying for new funding and reductions in donations. The only exceptions appear to be in Nordic countries, with an increase in private donations. Meanwhile, European funds, particularly Structural Funds, are not compensating for the shortfalls in other funding. An overall trend towards re-orientating the ESF (European Social Fund) away from supports for vulnerable groups is apparent. Funding shortfalls are also hitting innovative projects, and undermining support for the role of NGOs in advocacy, empowerment and participation.”

People who lost their jobs and hope are in need of shelter and food. Requests for such homeless shelters, food bank services have risen significantly. In spite of this funding and income of NGOs have been reduced. That is why Europeans regard such action as a refusal to pay attention to their concerns. Also there are a lot of organizations trying to show their importance to the government, and of course attract attention. Take for example the EAPN network – the European Anti Poverty Network, is an independent network of non-governmental organizations and groups involved in the fight against poverty and social exclusion. They stand for justice, because it is unfair that almost 17% of Europeans (84 million people) remain at risk of poverty in the European Union (Ibid.). The main aim of such organizations is to uphold some principles, moral values and safeguard democracy.

In conclusion it must be stated that it is high time to change priorities. It is important that the convenient existence and very necessary activity of NGOs do not provide European governments with an excuse to abdicate their responsibilities before their most vulnerable private citizens. The European

governments' dominant policy of austerity is no longer working. The risk of widespread poverty and material deprivation is increasing, people are in despair, and – most fundamentally of all – they are losing confidence in their own governments and the EU as an institution for the common good of Europeans. Might it be time for European politicians to cease worrying solely about economic recovery and focus on those whom they were elected to serve?

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