

**INTRODUCTION TO THE SPECIAL ISSUE:  
ECONOMIC CRISIS IN GREECE - LOOKING AT THE  
GEOGRAPHICAL IMPACTS**

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This special issue focuses on the geographical impact of economic crisis in Greece. During the years 2008-2014 Greece has experienced the most severe economic crisis in its modern history with an unprecedented 26 % shrinkage of GDP, 16% reduction in declared income (2009-2012) and a rocketed in 27% of labor force unemployment rate. These trends have made Greece one of the countries most affected by the recent Great Recession. While aspects of the Greek economic crisis have been discussed within different contexts in economics literature, the regional dimension of the crisis is still a relatively less debated issue. However, the geographical dimension of economic crisis is of particular importance for economic analysis and policy and Greece is offering a representative example that may go beyond the peculiarities of the Greek case.

The links between economic crisis and geography are ever stronger today for quite a few reasons. First, geography is an integral part of European integration. Economic crisis which is widening the asymmetry in the levels of economic development within Europe questions the functioning of the European economy as a whole. Second, economic crisis put a threat on the returns of the cohesion policy which has been an explicit policy goal for the European Union over a long period of time and for which there has been invested a great amount of structural assistance/funding from the E.U. budget. Finally, the social impacts of crisis and the degradation of urban environment questions the pace and limits of urbanization that has been under process in many countries across the globe in recent years.

The idea for this special issue on the Greek economic crisis started in September 2013, following the interesting debates that took place during the special session that was organized in Florence within the GDRI-DREEM (Développement des Recherches Economiques Euro-Méditerranéennes) conference. The positive feedback from the conference along with the awareness that there has been a gap in the literature regarding the regional dimension of economic crisis

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made the preparation of a special issue on this theme a very tempting task. This selection of papers is a representative example of the research that is recently being carried out by Greek academics and prominent researchers in this field.

The papers that are included in this special session look at the impacts of economic crisis at different geographical scales such as regions, cities, urban space. They cover a variety of issues on the geography of crisis impact such as employment and unemployment, regional development, poverty, housing market, construction, tourism and agriculture. These attempts are supported by recent key statistical data and sources that have been collected to fulfill the requirements of this issue. In sum, this issue is providing unique evidence on the relationship between economic crisis and geography that could go beyond the peculiarities of Greece.

The paper by **George Petrakos** is an introductory paper and provides a chronicle of the economic crisis in Greece along with a detailed account of the underlying causes and drivers. The author argues that policy deficits and the mismanagement of the crisis at the European and the national level jointly reinforced a negative spiral that after some point accelerated and had snow-ball effects for the Greek economy. It also discusses the lessons learned and makes some useful policy recommendations to finding the ways out of the crisis.

The next five papers are making an attempt to modeling economic crisis regional effects. The first paper by **Vassilis Monastiriotis** deals with the regional unemployment incidence and regional labor markets. The key issue under consideration is to examine whether the crisis led to convergence in the way the country's regional labor markets reward different labor characteristics. Descriptive evidence from aggregate data suggests that regional wages show signs of accelerated convergence during the crisis. Underneath this aggregate pattern of 'convergence through crisis', however, it finds significant heterogeneity, implying that regional responses to the crisis have been far from uniform.

The paper by **Yannis Psycharis, Antonis Rovolis, Vassilis Tselios and Panayotis Pantazis** sets out to examine the determinants of regional development in Greece before and during the economic crisis. By proposing an econometric model with spatial effects for the years 2005-2008 and 2009-2011, which represent the sub-periods of growth and decline of the Greek economy respectively, they make it possible to capture the different factors that affect the regional economic development of the NUTS III regions in the country. Results highlight that the most urbanized and high income level regions are more affected by the economic crisis.

The paper by **Alexandra Schaffar and Sotiris Pavleas** aims to study the evolution of urban hierarchies and the nature of urban growth processes in Greece from 1951 to 2011. The main results are that the Greek cities converge towards a middle city-size population throughout the study period, while the preeminence of the Athens agglomeration slowly decreases. In addition the paper delivers evidence concerning the changes that affect urban demographical trends in Greece over the last decade. These changes can be related to the eco-

conomic crisis and the profound socioeconomic upheaval that Greece has undergone since the beginning of the 21st century.

The paper by **Aggeliki Anagnostou and Stephanos Papadamos** employs a Bayesian PVAR model to measure the impact of monetary policy shocks on regional output of 58 regions of four South Euro-Zone countries: Greece, Spain, Italy and Portugal over the period 1980-2009. The results provide evidence of different regional responses of regional GDP on monetary policy shocks. The policy's asymmetric effects are explained by employing the Optimal Currency Area which provides a good framework for understanding the asymmetric effects of the monetary policy shocks in the South European Regions.

The paper by **Panagiotis Artelaris and George Kandyliis** deals with poverty. The aim of this paper is to assess and map, the distribution of poverty at the NUTS III level in Greece, as well as to evaluate and map the regional impact of the ongoing economic crisis on poverty, by comparing the poverty rates before and during the crisis (in 2005 and 2011). Analysis that is based on Small Area Estimation technique shows that the significant increase in the national anchored at-risk-of-poverty (AROP) rate in a period of severe recession is reflected in every single NUTS III region, especially in the vast and relatively prosperous metropolitan regions where the highest increase in AROP rates takes place.

The next two papers deal with the impact of crisis on housing, urban segregation and real estate market and focus more specifically on the Athens agglomeration. The paper by **Dimitris Emmanuel** examines the impact of the economic crisis on the home ownership pattern with a specific reference to Athens. Home ownership is very high in Greece and very common feature in Southern European countries. The paper argues that the most important consequence of the crisis on home ownership is a radical change in the system of small housing production, widespread property ownership and familist support. These trends constitute a shift to a sharply modified "southern" housing regime rather than simply a prolonged economic shock.

The paper by **Thomas Maloutas** also deals with Athens the capital city of Greece and discusses how economic crisis has impacted on the socio-spatial restructuring of the city. 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.

Finally, the last two papers deal feature more empirical analysis concerning the resilience of the Greek regions, the impacts of the crisis over tourism, which is an important sector of the Greek economy and the locational behavior of urban Greek households during the crisis.

The paper from **Andreas Papatheodorou and Pavlos Arvanitis** concerns tourism. Tourism has been considered as one of resilient factors that would

potentially help the country to counter-balance (at least in part) the income losses as a subsequent result of economic crisis. Based on different spatial indexes, analysis shows that a new geography of tourism seems to emerge in Greece during the economic crisis where the clear losers are those regions, which had specialized predominantly in domestic tourism. From a policy perspective, this stresses the need to expedite the internationalization of the tourism profile of the regions in question to overcome the adverse effects of the economic crisis.

The last paper by **Marie-Noëlle Duquenne** analyses how economic crisis has impacted on agricultural sector and whether there has been a return of people from cities to homeland places and the extent to which they are engaged in agricultural activities. Results show that some rural territories in Greece seem to follow a dynamic demographical trend during the crisis thanks to migration from urban households.

Summing up, this selection of papers explicitly relates the impact of economic crisis on the spatial economy and provides unique evidence from Greece. However, the economic variables under consideration, the analytical techniques that have been applied and the variety of issues covered give to this attempt a novelty that can communicate with the international literature and make a contribution to the scientific discussions in this field.