

Greeks turn to the forests for fuel as winter nears

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As austerity tightens its grip, many of the middle class find themselves in a desperate struggle to make ends meet

Helena Smith in Tsagarada, Pelion

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A wood poacher's warehouse near Mount Pelion, Greece. Illegal logging has recently taken on epidemic proportions. Photograph: Despoina Vafeidou/AFP/Getty Images

It is early Sunday. The sun has barely risen above the chestnut forest that lies somewhere near the crest of Mount Pelion, but loggers' pick-up trucks are already streaming through the muddy slush, their cargo bouncing in the back. Theirs are rich pickings, much in demand as winter envelops the villages and towns of an increasingly poverty-stricken Greece. As they pass, they do not look up because many do not have permits to do what they have just done.

From their new home a little further on, Yiannis Chadziathanasiou and Natasa Rempati watch the ebb and flow of this traffic. So, too, do the residents of Tsagarada, the picturesque hamlet where the sound of chainsaws pierces the morning air. "Things are getting desperate," says Chadziathanasiou, who clothed Greek celebrities before he moved to the countryside. "You hear all the time of people illegally clearing forests for firewood. It's horrible if you're a green like me."

In their wellington boots and designer jeans, the couple stand out in Tsagarada. Like most middle class Europeans raised in cities, nature is a new world and one that does not come naturally to them. Until last year, both enjoyed successful careers in fashion and architecture. "But then we did our sums," said 29-year-old Rempati, whose firm had

designed hospitals and metro stations before being forced to close down. "And although we were both earning good salaries, taking home around €3,500 a month, we were really squeezed. There was never a euro left over. Our heating bill alone cost €3,000 and that was before the €500 we spent on petrol and all the new taxes. We were stressed and really anxious and didn't think we could afford to go through another winter in Athens."

The young professionals then did something they never thought they would do. In June, they got into their black Chrysler and drove 200 miles north of the capital to Mount Pelion, where Chadziathanasiou had spent holidays as a child. "All our friends ever did was talk about the crisis and a lot of them were leaving," he said. "You'd turn on the TV and all it did was bombard you with terrifying news, day after day, about how this country was going down the tubes."

There was also the issue of survival. The fashion aficionado had always had a dream of opening a luxury hotel and with its spectacular villages and rivulets, streams and beaches, Pelion appealed as an all-year-round tourist destination. "We thought if we try this out, living in a little stone house, working in the industry, we might be able to make ends meet," said the 33-year-old. "I'm not used to chopping firewood and my body aches but then doing it this way we only spend €300 on heating our home."

As the eurozone's poorest member state stares at the prospect of a sixth straight year of recession with unemployment and poverty levels reaching peaks not seen since the second world war, growing numbers of Greeks are experiencing the effects. After first felling society's most vulnerable, with pensioners and low-income workers at the fore, debt-stricken Greece's great economic crisis is now destroying the middle class. The announcement this week that €44bn in emergency aid will soon be funnelled into the country – the latest in a series of rescue programmes by the EU and IMF to prop up an economy running on empty – comes as little consolation for people on the ground.

Poised for their worst winter since the eruption of the crisis three years ago, Greeks who once thought nothing of heating their homes now hesitate. After relentless waves of austerity and tax rises that have seen their purchasing power drop by up to 50%, even doctors and lawyers are feeling the pinch, with many saying they cannot afford the 40% surcharge the government has slapped on heating oil.

"In my own block of flats," said boutique owner Tina Kanellopoulou, who lives in the posh Athens neighbourhood of Kolonaki, "the central heating hasn't been turned on because most of the flat owners haven't got the money to pay for it. We're all rushing out to buy little electric heaters. You go to a doctor or lawyer and you see they are doing the same."

Having been on the frontline of Europe's debt drama from the outset, Greece embraced austerity in return for international financial assistance that has kept bankruptcy at bay and tied it to the family of single currency nations. But the effect has been ever more devastating on its social fabric. Middle class downsizing is the latest tell-tale sign in a country whose GDP officials predict will shrink 25% by 2014 – a contraction unheard of in an advanced western economy since America's Great Depression.

The side effects of taming runaway deficits and a debt mountain projected to amount to 190% of national output has been brutal, with once proud Greeks now openly speaking of their nation being brought to a point of economic, political and psychological collapse. Nationwide, suicides have soared, with the public order minister, Nikos Dendias, saying last week that 3,100 people had taken their own lives since the onset of the crisis in a country that in 2009 had the lowest suicide rate in the EU.

Last week, Greece heard that malaria, officially eliminated 40 years ago, had also made a comeback with cases being noted in eastern Attica and the Peloponnese. News of the outbreak came on the day Greek sports, already a dying art, took another blow with the Hellenic Olympic committee unexpectedly announcing the closure in the capital of the pool used by elite swimmers because authorities can no longer afford heating oil. Insolvency has rocked schools and hospitals, where staff complain they not only do not have the money to heat classrooms and wards but even to purchase painkillers for children and patients.

"Greece is being taken back to the 1970s," said Gikas Hardouvelis, chief economist at Eurobank. "People are desperate. The recession has affected every home with the drop in living standards not being distributed equally. People who once lived decently have seen their wages drop by 80%."

Average income has dropped to levels not seen for more than a decade, according to the Greek Labour Institute. But it is the latest round of spending cuts and structural reforms that are expected to hit Greeks the hardest. In return for long-overdue bailout loans and a deal that will see the country's debt pile cut by €40bn, Athens' coalition government has agreed to a draconian €13.5bn package of belt-tightening measures. The policies, to be implemented over two years from January, have been described as the death knell for the urban middle class, already hit by a barrage of taxes on incomes, purchases and property by governments desperate to meet deficit targets set by foreign lenders. To keep up, the older generation has begun pawning heirlooms and jewellery to get through the winter.

"If 2012 was the year of 'the death of a salesman', 2013 will be the year of 'the death of the middle class,'" said Takis Pavlopoulos, a senior aide of main opposition leader Alexis Tsipras. "It will be Year Zero for Greece. For the first time self-employed professionals will see their income taxed from the first euro they earn, adding to their already reduced turnovers as a result of five years of austerity. And civil servants will have their salaries cut once again. That in turn will lead to a dramatic drop in consumption and internal demand."

Pavlopoulos's views might be less important if he were not also Tsipras's speechwriter. The US-trained economist has a way with words and they are paying off. Tsipras's vehemently anti-bailout radical left Syriza party is leading in every poll conducted since prime minister Antonis Samaras's fragile alliance assumed power in June.

"The further downward pressure on the middle class, to the point of disappearance, will radicalise it," he said. "And in so doing it will bring it closer to Syriza, the only realistic alternative political choice for power with a government programme to immediately end catastrophic austerity."

So far Greeks have shown remarkable fortitude in the face of such adversity. Although soup kitchens have proliferated and hunger levels have grown, the younger generation has hunkered down, opening new businesses with a display of entrepreneurial skills not seen before the crisis.

Analysts and insiders worry that as the crisis moves into another phase with new middle class victims, the potential for the protest base to widen will also grow. With the number of jobless Greeks topping 1.2 million, extremism on left and right has risen alarmingly, with the neo-Nazi Golden Dawn now the third biggest party with 12% in the polls.

"I am concerned that everyone is angry and that somehow this anger can be channelled in the wrong direction," said Hardouvelis, the economist. "I am worried about nazism, yes."

Up in Tsagarada, the younger generation embodied by Yiannis and Natasa say hope is in short supply. "This is not a country where you can even have children anymore," they say. "Under these latest measures you're taxed even harder if you have kids."

But as new as their brave new world is, the couple are giving it their best. "All our friends have gone to England and Holland mostly," said the fashion designer. "We could easily go to New York where I'd often attend shows and have lots of contacts but we want to give it a go here. Greece is a beautiful country even if our politicians have destroyed it. Come back in a year and see if we have survived."

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