

The Distributional Impact of the Great Recession in Greece

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The severe economic crisis affecting Greece since 2009 is having an unprecedented impact in terms of job and income losses, and is widely perceived to have a comparably significant effect in terms of greater inequality and increased poverty. We provide an early assessment of whether (and to what extent) the latter is the case. More specifically, we distinguish between two inter-related factors: on the one hand, the austerity measures taken to reduce fiscal deficits; on the other hand, the wider recession. We attempt to quantify the distributional impact of both using the European tax-benefit model EUROMOD. With respect to the austerity measures, we focus on policy changes in income tax, public sector pay and pension benefits. With respect to the wider recession, we correct for the rise in unemployment using the latest Labour Force Survey data. We simulate the (*ceteris paribus*) impact of these changes on the distribution of incomes, while also estimating how the total burden of the crisis is shared across income groups, taking into account tax evasion and benefit non take up. We conclude by discussing the methodological pitfalls and policy implications of our research.