New generation of Estonians tackle the crisis
Why the Irish are emigrating once again
Is Iceland getting back on track?
South Tyrol defies the crisis
Reacting to the crisis

Four years on, the financial crisis is still having a substantial impact on the daily lives of Europeans. Our reason for doing this magazine is to be able to tell a few of these stories, and to show how people from different countries are making their way through the crisis.

For this purpose, we’ve travelled to Iceland, Ireland, Northern Italy and Estonia to bring back stories about people from all walks of life.

Apart from the personal stories, Euroviews 2012 tries to convey two major insights about the Europe of today.

First of all, the crisis is far from over. While there are signs of macroeconomic recovery, we felt it imperative to tell the stories of those who are overlooked by such trends and to underline how complex and heterogeneous the situation is.

One characteristic of a crisis is how unevenly distributed its effects are. While some have margins large enough to only have to cut down on their luxury consumption, others lose everything: their house, their job and thereby also part of their social life. And if the crash hits unevenly, so will the recovery. It therefore becomes crucial to know not just if there is recovery, but who is actually recovering.

Secondly, these stories highlight the ingenuity and resiliency of civil society, entrepreneurs and ordinary people. When faced with threats, they act.

In Limerick, Ireland, unemployed and retired men come together to teach each other skills like cooking or carpentry. Italian railroad workers who got fired because of cut-backs have occupied a platform by the train station in Milan as a protest.

When people deep in debt are about to lose their homes in Iceland, a group of vigilantes called Home defence try to stop the evictions by forming a human shield in front of the house. And in Tallin, Estonia, young nursing students volunteer to help out at the local soup kitchen and offer basic medical care.

Faced with predicaments these people show their true character. Not as helpless victims, but as members of a community.

What becomes apparent in this ongoing crisis, apart from the lack of accountability and frailty in the global financial system, is the persistence of society.

Axel Kronholm
Editor
The Estonians and the euro: A short love story

BY ENORA REGNIER

TALLINN Estonia adopted the euro in January 2011, in the middle of an economic crisis. The common currency was popular before its adoption, but the inflation rate in the country and high prices in the shops have contributed to a change of heart with the population. The currency change has greatly affected the daily lives of Estonians.

The food prices are primarily affected by inflation. For example, a liter of milk now costs 0.62 euro while it used to cost 0.55. It is a cheap price for a western country, but expensive for middle class Estonians. The fruits and vegetables imported from other countries can sometimes reach too high prices for people with a low salary. It is especially the case for tomatoes. Those can cost 5 euros per kilogram.

“I lived in Germany for a while and I can say that some products are more expensive here while our salaries are much lower than the German ones. We have to pay more but with less money,” explains Kaidi.

Paying more with the same wages

While the economic growth of Estonia is one of the highest in Europe, the GDP of the population is still one of the lowest with only 19,000 euros annually per inhabitant. While in Denmark, for example, it is about 39,000 euros. The increase of prices in shops were expected but for some Estonians, the biggest surprise was to see that their salaries didn’t increase as well. Or at least, not as much as expected.

“For years, the government told us that our situation will be better that with the euro we will have more money, better salaries and a better life,” explains Vaido Nõisesalu, director at the Kostivere school, near Tallinn.

“The reality is different. One of our teachers has to work in two different schools, so he has twice as much more work. But, like he says, he doesn’t have the choice if he wants to eat”.

To understand what Estonians are experiencing, we have to go two years back. After the violent economic recession which hit the country in 2008, the government managed to revive the economy in the country and to reduce its public debt. The country then bared to a target of joining the euro zone, a place they had coveted for years.

To meet the Maastricht criteria, the Estonian government set up a strict austerity policy in 2010. The wages were cut by 10 percent in the public sector and by 20 percent for the ministers, the taxes on consumption were raised, public spending was frozen and the pensions were reformed. An income tax of 20 percent was also made mandatory for everybody, no matter what they gain. The lowest salary that can be taxed, was fixed to 144 euros.

These taxes allow the country to strengthen its economy. Thus, with an 8 percent GDP growth in 2011 and a public debt of about 6 percent, the country is one of the best students of the Eurozone. While the purchasing power of Estonians is diminishing quickly.

“The inflation was expected to be higher and despite the fact that our incomes are the lowest in the Eurozone, our economy is growing faster than in other countries,” explains Mari Pärnamäe (27), economist for the Bank of Estonia.

“But we can’t control the inflation, it’s not in our hands”. The most surprising thing, from an international point of view, was that Estonia joined the euro zone in the middle of an economic crisis. For Mari Pärnamäe, however, the adoption of the euro was a natural step for the economy.

“The timing was not important for us because we knew for a long time that we would have the euro anyway”, she says.

“We were ready to adopt it, it was planned and there was no reason for us to wait longer. We would have suffered the effects of the eurocrisis even if we hadn’t changed our currency. But it is better for us to be part of the Eurozone during the crisis because it makes it safer”.

By enora regnier

Photo: Ieva Stiziute
“We are dependent of the food prices on the international market.”

—Mari Pärnamäe

But Mari Pärnamäe has another vision: “I don’t think the government promised anything about the wages. I think it is a psychological reaction from the workers, because we all knew the inflation would increase. It might be hard for them to see it because they feel like they have to pay more, but the country wins a lot by being in the Eurozone and our economy as a whole is much better off”.

“In three years, my salary hasn’t changed”, explains Anet Lam, 26 years-old. “I think the only people who have better salaries are the people who work for a big company or for banks. But for the ordinary people it is hard. Everything is more expensive with the euro, especially the food. Before we joined the Euro, I used to pay 7 euros if I wanted to eat in a restaurant. But now, if you want to find cheap food, it’s at least over 10 euros”.

But for Anne, twenty-two years-old, a social sciences student, things are not that bad: “The prices have increased in the shops, that is true. And it is worse in the restaurants. But it is not really a problem for me. I work as a guide in the city center and tourists pay me with tips. It’s not a real job but if I need money or food, I ask my parents. It is easier when you’re a student because you spend the money only if you have it”.

In reality, salaries are increasing each month and are now 3.9 percent higher than they were in 2009. But because of the inflation rate and the numerous taxes people have to pay, the purchasing power is lowered. That situation has already been present for two years.

“The wages have to be related to the productivity in the country”, says Mari Pärnamäe. “The only way to increase the wages is to make the productivity grow, which is difficult because we are a small country. If the wages increase, then the inflation will increase too and companies will have higher prices. That would be less attractive for foreign markets.”

One reason for the high inflation in the shops is the fact that Estonia doesn’t produce a lot. The small country of 1.3 million inhabitants has to import a lot from other countries, either food or clothes and energy products. “We are dependant of food prices on the international market. Last year, the prices increased but it was the case for all the countries, not only Estonia,” says Mari Pärnamäe.

“If prices have increased in the country, it’s because of the international market. Inflation is not a ‘natural’ thing when you change a currency, the prices are not supposed to increase. It is a decision of the producer to increase them.”

But it is not the only explanation. “Even the products that we produce here in Estonia are more expensive, complains Annika Pau (23), a teacher. “For example the cheese is ridiculously expensive, same thing for meat. But we produce it. So it’s not a problem of imports and prices on the international market”.

In 2011, the production prices in the country increased by around 5.2 percent, which had a direct effect on the prices in the shops. When you add a lack of price controls in supermarkets, you get incredibly high prices for people with low wages. In January, a commission of Consumer Protection made a control of the prices in 25 supermarkets in the country. They found that 34 percent of the prices in the shops didn’t match their output prices. In most of the case they were actually sold for a higher price.

A feeling of inequality

High prices in the shops and high taxes make more and more people want to leave the country. “Men have to leave to work in another country like England, Norway or Sweden,” explains Vaido Niinesalu. “So a lot of families divide because they are apart”.

“That’s a thing in Estonia,” adds Kaidi, “People move to Norway or Finland to work and come back one weekend a month to give money to their families”. What prevails among the poorest workers is a feeling of injustice and inequality. “Greeks have better salaries than us, they have more money, but we have to pay for them. Why? How is it solidarity?” asks Vaido Niinesalu.

“A lot of international companies come here because it’s cheaper: they don’t have to pay taxes. So they gain a lot of money but not for Estonia, because the money goes back in their countries,” explains Annika Pau.

For the oldest people, the change of currency had been difficult. Thus, some shops still indicate the prices in Kroon. Photo: Enora Regnier

“People are not happy with the euro but they don’t strike or protest because it’s not in our mentality. Anyway, what could I do? The answer is simple: nothing”.

“The government told us that we are educated and we should be able to understand better than other people that if we are not paid more, it’s because we don’t have the money” adds Karin Harju, another teacher.

“But they do what they want with the prices. What used to cost 1 kroon in our old currency can sometimes be now 1 euro, so 15 kroon. Or it’s at least my impression. With the salary of a teacher and an entire family to feed, we just have enough money to buy bread”. Despite their complaints and their hard feelings towards members of the government, they have been re-elected in March 2011, after the adoption of the euro. There are very few Estonians who openly say they are against the common currency. Even if you ask them directly. “I don’t know if I am for or against the euro, I never thought about that”, says Anet. “I would say I am against. Or no, I am for. Well actually, I am not even sure if someone in this country is really happy with that currency”.

For Kaidi, the problem is now somewhere else. The IT company where she works has to close because of the crisis. “I am moving to Malta in April, with half of the other workers from the company. They couldn’t keep everybody. I have been lucky, I guess. I’m not really excited to go there, my home is in Tallinn”. Like the other workers, she accepts the situation without complaining. Like other Estonians, she struggles with living cost and financial problems in silence.

“People are not happy with the euro but they don’t strike or protest because it’s not in our mentality. Anyway, what could I do? The answer is simple: nothing.”

Salaries in Estonia

- **Average monthly salary:** 809 euro.
- **Highest wages by sector:** Finance (1330 euro), telecommunication (1266 euro), electricity (1110 euro).
- **Lowest wages by sector:** Education (564 euro), hotels and restaurants (516 euro), tertiary sector (483 euro).
TALLINN The economic crisis has left Estonian society struggling to take care of its children. A new report by the Chancellor of Justice’s office reveals that in 2010 18.6 percent of children in Estonia were living in absolute poverty. This is a dramatic increase from 2007, when the rate was 9.4 percent.

Kaja Richter-Kruusamagi shares a 28 square meter home with her husband and three youngest children, in the Northern Tallinn district. A little over two years ago, in the midst of renovating her home, trouble hit. Her husband had to leave work because he wasn’t getting paid, then he ran into medical difficulties, and Kruusamagi had to leave her psychology degree unfinished because she couldn’t afford the education anymore.

Renovations were put to a halt, and their small apartment has since been left untouched. There are no doors inside their home. Instead curtains made out of different colored linen are used to divide the rooms and closets. Brown cardboard boxes are used as substitutes for drawers in the closets, and anything that doesn’t fit is piled up on top of each other beside the fireplace that was donated by Kruusamagi’s mother-in-law.

Kruusamagi and her husband sleep in the only bedroom, which is also used as an office. At night, the living room is transformed into a bedroom for her three children. Two of them sleep on the couches while the coffee table is moved in order to make room for a navy blue futon which sleeps the third. She says it’s good that her oldest son isn’t living with them anymore because the apartment is crowded enough as it is. The 18-year-old is currently living with an aunt while he’s focusing on his education.

Estonia’s income poverty rate from 2004 until 2010

Source: 2011 child poverty report. Chancellor of Justice’s office in Estonia
“Of course it’s important that these children get enough food, but having free time opportunities and making friends is just as crucial to their development.” — Andra Reinomagi

The Kruusamagi’s bad news came in the midst of a financial crisis that has been sweeping through Europe since 2008. For Estonia one major toll of the crisis has been the rise in child poverty. A recent report by the Chancellor of Justice’s Office said that in 2010 more than 63,000 children lived in absolute poverty or at risk of poverty. That’s 26 percent of all Estonians under the age of 18.

Andra Reinomagi, an advisor for the Children’s Rights Department in Estonia says that the media is constantly trying to get the perfect image of a poor child, but she says that child poverty doesn’t have a single face.

“Many people think families in poverty are struggling with things like addiction, but there are many children in Estonia whose parents have a good education but have lost their means of support,” says Reinomagi. Astrid Uukivi is a single mother, raising three kids. Unlike some, she has a job working at a local kindergarten. However, because she doesn’t have a degree, her monthly salary is 400 euro. She says that in the winter half of that goes towards rent, and the rest is used to pay for bills, such as electricity.

“Those’s almost nothing left for even essentials,” says Astrid Uukivi, who has been getting help from the food bank ever since it started two years ago.

Social lives are important
Her biggest concern for her kids, however, is about their social lives. She worries about not having enough money to pay for things like school trips.

Reinomagi says that child poverty can have negative effects on social integration. She says that this is what the Justice Chancellor’s Office is trying to focus on now, dealing with the social aspects of child poverty.

“Of course it’s important that these children get enough food, but having free time opportunities and making friends is just as crucial to their development,” says Reinomagi.

Kruusamagi says that she’s concerned for her twelve-year-old boy because he’s the most socially oriented.

“I don’t want him to have to apologize because he asks to go to the dance, or wants to take singing lessons,” she says.

Direct help to children
The report highlights the biggest challenge for Estonia is to get help directly to children instead of through family subsidies.

Reinomagi says the social circle around the child is very important. For example, better cooperation between the school, doctors and child protection services is key to a child’s development, and it has been improving in the past couple of years.

“Help should go to a family before the situation gets bad, unfortunately when the signs of poverty are visible in a child, most of the time, the situation has been going on for a long time,” says Reinomagi.

One of the things her department has done is set up a free breakfast program at schools for all kids. Reinomagi says this makes sure to feed those children who need it without pointing them out to their peers.

The Justice Chancellor’s Office is also proposing a new measure to give free psychological help to poor families.

Reinomagi says that the most pressing issue right now is getting more services for families in need.

“We are trying to get people to come in and help these families with whatever they need, financially or otherwise,” says Reinomagi.

“A lot of these parents are tired of being jobless, this leads to emotional tension and has negative effects on their kids.”

Below: The Kruusamagi’s living room. It’s turned into a bedroom at night for her three children to sleep in.

Effects of Poverty
• Income poverty is often connected to poor health, inadequate housing, and having poor access to health services, social services and childcare services.

• Children growing up in poor families are more likely to do poorly in school, or drop out early.

• Disadvantages, particularly educational, are inherited from one generation to the next.

• Children growing up in large families of three or more kids, or with single parents are at a higher risk of poverty and social exclusion.

President of Estonia: “Thank you for leaving and even more for coming back”

Estonia, the 4th smallest euro zone member, has proved that even tiny nations can make it to the top. Only 21 years ago this little country in the Northern Europe was just one out of 15 Soviet Republics. For decades people overseas had never even heard the name Estonia. But it only took two decades for Estonia to make a rapid transformation and become the wealthiest nation in the region, with the best economic performance. Nevertheless, the number of inhabitants in Estonia is decreasing. The biggest reason for the decreasing population is however emigration. Last year 3922 more people emigrated from Estonia than immigrated to the country. That is the largest difference in 10 years.

Estonia has been supporting people who wish to return to their homeland for 20 years. This year 61 577 euros is allocated for this purpose.

The idea behind this return benefit is just to give some extra money for returnees to cover first expenses back in Estonia. To have food on the table and roof above their heads. Even though we would like to help everyone, our budget is limited. We have to choose people who can get our support very strictly,” says Martin Eber, the coordinator of Civic Education and Migration Unit in the Foundation.

“We are just trying to give them a good sign, that they are all welcome here,” adds Meelika Hirmo, the communication manager of Integration and Migration Foundation.

The Integration and Migration Foundation also support people who wish to return to Estonia. The maximum rate of the return support is 2,000 euro and is intended for ethnic Estonians holding Estonian citizenship or an Estonian residence permit. They must have emigrated from Estonia at least 10 years ago. Or being born in a foreign country and need support to return to Estonia due to their financial and social situation.

“Dissapointments that the euro brought to Estonia encourage Estonians to pack their bags and pursue happiness in other countries.”

BY IEVA SLIZIUTE

ESTONIA has a long history of both emigration and immigration that has coincided with periods of colonization, independence and occupation. Another period that can be added to this list is the euro crisis. High prices, austerity measures, bitterness of helping technically richer southern countries. Dissapointments that the euro brought to Estonia encourage Estonians to pack their bags and pursue happiness in other countries.
“During these 20 years the foundation and through Estonian government and other governments who provided funds, we have helped more than 25 000 people to return to their motherlands. The number of ethnic Estonians, who we have supported are dramatically smaller: less than 2000,” says Martin Eber.

According to him, there were a few hundred people every year who wished to return to Estonia, but during financial crisis there were a lot less, the lowest amount was in 2005, when only 12 people returned.

Martin Eber says, “It is obviously connected with euro crisis, because people were not so sure about their future anymore. The decision to leave the country you are currently living in is hard decision to make in the first place and to come back to Estonia which was strongly hit by crisis was very risky.”

Most of the returning citizens last year were working age adults and almost a third were minors coming to Estonia with their parents.

The largest number of people returning to Estonia last year was from the Russian Federation (58 percent), the Unites States of America (31 percent) and Ireland (11 percent). People also returned from Finland, Georgia, Switzerland, Moldova, Great Britain, Belarus, Ukraine, Sweden, France and Yemen.

Youth emigration

High unemployment rate, especially among youth and open boarders have raised a lot of discussions of brain drain and “leaving Estonia” issue.

Regina Feldman, a young Estonian working as a personal assistant for a disabled child in Sweden, believes that the biggest problem is that young people do not get a job in their field after graduation.

“For example, one young girl studied telecommunication in the university but after graduation she only found a job at the supermarket. Then young people start thinking about other possibilities and the only solution often is going abroad,” she says.

Meelika Hirmo says that going abroad is only a negative thing if you do not come back. Or if you are not doing what you were trained for.

“If they go for two or three years – that is great. It means that they manage to live the way our parents and grandparents were not able to and where only dreaming about,” she tells.

However, the Head of the Institute of Economics at the University of Tartu, Raul Eamets states that in general migration in and out has been relatively moderate in Estonia in comparison with other countries.

“The main reason for that is Finland. Our people commute more than migrate. Finland is geographically and culturally close and it is easy to take a boat back to Estonia every weekend. According to Estonian labour force survey, around 30 000 people has worked abroad during a year. This is a return migration,” he comments.

“But final numbers will be published at the end of May when first data of population census, which has recently been taken, will be made public,” Raul Eamets adds.

Invites talents to go home

The country which invented Skype, e-Government software, which is now used in over 40 countries worldwide, and other electronic innovations do not want to lose its talents. Thus, the campaign “Talents, come home” (Talendid Koju) was launched in October 2010 under the patronage of Estonian President Toomas Hendrik Ilves.

The programme invites young talents to come home to Estonia by collecting and presenting all job positions that talented people would be able to get. In collaboration with different industries they have created “this online environment in which the parties shall meet.”

The aim is to help those who are afraid that they will not get a satisfying and fulfilling work position in Estonia and for that reason waste their potential working in service sectors abroad.

Nevertheless, this campaign has been greeted with lots of scepticism. According to international website Pressurvey, it has prompted disgusted reaction from expats – not because they never dreamed of going back to their country, but because they find the word “talents” offensive. For cleaning ladies, roofers and bus drivers, the call to return to their motherland is addressed to talented Estonians, to geniuses. Not to skilled or unskilled workers.

“There are so few of us that every person, every compatriot, every Estonian is a talent and a value as such, and should be treasured, not denigrated. That goes for talents that has already blossomed, even if it bloomed abroad. And it also goes for talents still waiting for the right moment,” the president said in his speech while hosting the “Bring talents home” program.

Ahto Rebas, an adviser to the Ministry of Education and Research, said to Pressurvey that the campaign was just meant to send a friendly message to say that Estonia values its sons and daughters, wherever they are in the world.

At the same time, he acknowledged that there is almost no chance of convincing them to return home. Especially when you consider they are usually paid salaries which are three times higher than those they could expect in Estonia.

“I am not planning to go back to Estonia. In the beginning it was very hard to be away from home with different culture and language, but I love my life here in Sweden so much more now. After all I can earn much more money than I can in Estonia,” says young expat Regina Feldman.

More campaigns to attract emigrants

Ahto Rebas also pointed out that even if Estonians are not coming back, it is still important that they retain their Estonian identity by staying in touch with the country and organise expatriate communities.

With that in mind, he has launched “Estonians Abroad,” a website developed with funding from the Ministry of Education, which gives details of 600 expatriate organisations.

The most recent is a President’s web campaign on Facebook titled “One Hundred Reasons Why it is Good to Live in Estonia,” where President Toomas Hendrik Ilves is urging people to look for positive rather than negative aspects of Estonia.

Other issue – attitude

Regina Feldman points out another reason why she does not want to move back to Estonia: “I can not say that Estonia is my home anymore. I do not even have friends there anymore. Maybe because they are jealous.”

President Toomas Hendrik Ilves held the speech in the Kadriorg Rose Garden last summer while hosting “Talents, come home” program. He pointed out that the first attitude which has to be changed is the idea that if you leave Estonia, you betray your homeland.

“After 1 May, 2004, when we started to enjoy the freedom of workforce throughout the European Union, we were finally truly free. The freedom means that just as others are free to come to Estonia - we are free to leave Estonia,” said President Toomas H. Ilves.

Meelika Hirmo says that Estonia has a long way to go, especially in the matter of attitude, trusting each other or cooperating with each other.

“But it all takes time. Like for all three of the Baltic countries. We know that we have gone a long way for 20 years. But for example Finland have had 50 years more for that, so it’s hard and unfair to compare,” states Meelika Hirmo.

For a country which has a very small population anyway, every person is precious. Meelika Hirmo concludes,

“In Estonia, everybody needs you; in Germany - nobody needs you. Other countries might need you because it is handy and easy for them, but they would do perfectly without you. But Estonia really needs you and if you will not do it, maybe no one will.”

Demographics

- 1.316.500 million people live in Estonia.
- The population dropped by 4400 in 2011.
- The birthrate has decreased significantly.
- Natural increase of population became negative again, while it was positive in 2010.
- 513 more people died than were born.

Source: Statistics Estonia

The European Commission is like the Soviet Union

TALLINN Anti Poolamets is a euro skeptic. For years he fought against the adoption of the euro in his country. The currency has already changed in Estonia but he continues to fight for the return of the Estonian Kroon.

BY ENORA REGNIER

Tuesday, 4 p.m. The café in the center of Tallinn. Anti Poolamets, a euro skeptic, passes through the door. Difficult to do not notice his white T-shirt stating “I love kroon” crossed out with a big red heart and an Estonian bill. The tall, blond lawyer and historian holds a rolled up poster in his hand.

“I’m quite well known for this one”, he says.

“It’s a picture of the Titanic with the names of the countries hit by the crisis: Portugal, Spain, Greece, Ireland. We’re all on the same boat now. The Titanic and its tragic story is the best metaphor I could find.”

Anti Poolamets, 41 years-old, was sceptical towards the euro from the very beginning. Because his attempt to create a political party a few years ago didn’t work, Anti now works with activists and other small political parties.

“There is more and more people who join the movement every year”, he assures.

“We work with posters and manifestations and I make my own polls about the euro because I don’t trust the government. In their polls, people say they like the euro, while in mine they don’t. Though, I use the same companies and people as the government. Only I ask them one question and I offer only two possibilities for an answer: yes or no. The government makes it difficult because people can answer “maybe” or “I don’t know”.

In 2011, right after the adoption of the euro, Anti and some other euro skeptics plastered posters over the entire city. The posters stating: “Estonia! Welcome to the Titanic” haven’t been unnoticed by the population and the media. Though, it hasn’t helped to change the mentalities. Or at least not yet.

“People are now unhappy with the euro because they finally understand that they will always have to pay more than what they will receive in exchange. People are laughing when the finance minister is talking about 0.7 percent of inflation in January. Everybody knows that it’s much more than that. When I go to a shop, I can feel that I am spending more money than before”.

From an economic point of view, Anti’s argument is simple: Estonia will always have to pay for the mistakes of the other EU countries.

“The system of imbalance in the euro zone will never change. The European central bank helps a country by taking money from another one. And when that country is saved, there’s another one to help because it had to pay for the first country who had problems. It will always be like that. It is a vicious circle”.

The more the conversation progresses, the more serious Anti looks. And his blue eyes become cold when he starts talking about the European system. Because Anti Poolamets is angry. Angry at his government, who sold its sovereignty to belong to a federal system managed by France and Germany. Angry at the ECB and the financial system of the eurozone, which cost so much to his country. But he’s especially angry at the faceless European Commission, who decides everything, according to him, without enough credibility. And Anti doesn’t mince his words.

“The European Commission looks like the Soviet Union”, he says. “People have not been elected but they control the budget of other countries anyway. And there’s no separation of powers”.

His comparisons with Stalin’s Soviet Union or Mussolini’s Italian State can appear a bit surprising. Though, those kinds of comparisons are quite frequent in Estonia. Twenty-one years after its independency, the country is still deeply marked by its history with Russia.

Despite his skepticism and his anger towards the common currency, Anti Poolamets has to admit that the economy of the country is growing fast.

“It can only increase because the country comes from the bottom. If the economy in Estonia increases its not thanks to the euro but to the hard work of Estonians. The euro is just an obstacle for us, it slows down the economic growth of the country”.

Two hours and a café latte later, Anti has to leave. But not without displaying his famous T-shirt one last time.

“My wife makes them. She’s also a euro skeptic. We are a good team”.

And she’s not the only woman from his family who supports him. With or without her consent. He brings his daughter to meetings with him since she’s one month old. With the Poolamets, the euro skepticism is a family story.
Nationals leaving while foreigners are coming

TALLINN
Estonia has a long history of immigration. Almost a third of the population is composed by so-called old immigrants: Russians, who moved there during the Soviet occupation. It is not rare to hear Slavonic dialects. But if you hear Greek or Spanish in the Town Hall Square, you would definitely think they are tourists. But surprisingly, they too might be citizens. Not least since the euro crisis.

By Ieva Sliziute

The immigration is a relatively new phenomenon in Estonia, net migration has been constantly negative in 2000-2011, because more people are leaving Estonia than coming in. Although in 2007 the immigration rate was almost doubled - from 2 000 in 2006 to almost 4000.

A couple of thousand people are choosing Estonia as the new home for their children and the place to set their dream business and settle in. The question is: why is the same society that is driving its nationals away - drawing others in?

Various reasons for immigration

Meelika Hirmo, the Communication Manager of Integration and Migration Foundation says:

“It’s not a massive flow of foreigners coming. Estonia is not very popular in the eyes of new immigrants. People mainly come for family reasons: they either have family here or just follows their love to Estonia.”

Other reason would be economic stability in the middle of euro-crisis. The little state debt, optimistic point of view, patience towards austerity measures and government transparency attract foreigners, tired of chaos and pessimism.

Even though most immigrants come from Russia, former Soviet Union countries or Finland, a lot of people come from other EU countries, South America, and USA. The area of 45,227 square kilometers is home for people of more than 100 different nationalities and ethnic groups.

Easy to set up business

Ilias Niotis, the chef and owner of the Greek restaurant “Artemis” in Tallinn, says that it is very easy to set up a new business in Estonia. “Everything is organised and very fast. They don’t make you doubt or consider delaying opening up your business”.

His partner, Loukas Nakosmatis adds that in Greece it would be totally different:

“It would take much more time and money. They put a lot more pressure on you. We didn’t experience any of it here.”

Meelika Hirmo believes that Estonia being so small is an advantage: “If you have an idea and you work for it and you have set your mind on something innovative and original you can even go to a prime minister and talk about it. Because it is so small!”

Owner of “Artemis” agrees with her:

“They don’t make you wait, you can do everything via e-mail and if not you can go everywhere by foot”, - smiles Ilias Niotis.

Survive the winter and the crisis

Ilias Niotis points out that it is very important to understand that you have to earn and save as much money as you can to be able to survive the winter. “It’s the time when not only bears are sleeping during the winter - your business as well.” he says.

“People said that we are crazy when we decided to move to Estonia, because it’s cold and small. Well, the situation has changed during the crisis. Now a lot of them want to come here. Who is laughing the last laugh?” says Loukas Nakosmatis.

Owners remember the time when the crisis hit Estonia, according to them over 50 restaurants in the city center of Tallinn were closed. Ilias Niotis shares the secret of their restaurant surviving it:

“We are doing everything ourselves; we are owners, we are cooks, we are everything. If you have cooks and big...
staff it’s a lot of expenses and you might not survive the crisis”.
Loukas Nakosmatis adds: “Of course it was hard. Some people say that we are lucky, no, we are not lucky. All we have, we earned ourselves.”

Helping to integrate
Ilias Niotis also points out the cultural differences: “We are loud! We move our hands a lot while talking. And it is weird for them. Well, it is strange for us that they don’t! Or just that they don’t eat Greek sandwiches with their hands but ask for a fork and a knife. Haven’t seen anyone in 30 years doing that! But you adjust: they got used to us, we got used to them”. For that reason the Integration and Migration Foundation finance the programme which helps new immigrants to adapt. The so called new immigrants are the people who came to live in Estonia less than three years ago.
“We have language courses and help them to get to know the culture and the history. We organise some tours as well: they go to government buildings, visit different museums. We also give information about how to look for a job, get health insurance and so on. It is applicable for non-European citizens as well.” says Meelika Hirmo. According to her, new immigrants are easy to attract to the integration programmes and projects. “They are actively seeking to be integrated, because if you are from Argentina, you don’t have hundreds of thousands Argentinians living here, so you cannot isolate yourself and have a mini Argentina in Estonia. They need to communicate in order to not feel lonely. And the key is the language,” explains Meelika Hirmo.

The Integration and Migration Foundation also finances various television, radio shows and websites in order to create a common information sphere.
“We want Estonians and people of other nationalities to be more aware about each other. What different nationalities are living here, what do they do, how is the life here for them, what problems are they facing. Knowing about each other helps both sides, especially when tackling tolerance issues” - says Meelika Hirmo.

Immigration will rise
According to the Population pyramid made by Statistics Estonia in cooperation with German statistics office, immigration will increase and balance emigration. Not the least that Estonia is trying to become even more appealing. Since September 2010 the Integration and Migration Foundation has been representing Estonia in the three-year ImmigrationPolicy2.0 project of the 7th framework programme of the EU. “The purpose of it is to make a portal for immigrants, so that they would find all information which is needed in one place, instead of having to communicate with ten different organizations”, - says Meelika Hirmo. Ilias Niotis is not surprised that immigration will grow. Estonia is a good country to live in and he is not planning on moving anywhere any time soon. “Of course, you never know what God is planning for you. But I would like my children to grow up here.”

Estonia is home for people of more than 100 different nationalities and ethnic groups. Photo: Ieva Sliziute

New generation of Estonian volunteers tackle crisis
TALLINN New citizen-led social services, like the food bank, are providing opportunities for young people eager to help the community. The negative stigma attached to volunteering by the generation who lived through communism is fading; leaving room for a new generation to dig into problems that have been intensified by the economic crisis.

BY VERONIKA GORLOVA
Three years ago, Piet Boerefijn and his neighbor were sitting down, having a discussion about the social support system in Estonia. Both of them had moved to the small Baltic country from the Netherlands, and when it was brought up that Estonia didn’t have a food bank, Boerefijn says they were both surprised.

“A food bank is much more needed in Estonia than in western Europe because the poverty levels here are so much higher,” says Piet Boerefijn, who is the managing director at Toidupank, Estonia’s food bank.

According to a report by the European Centre about income poverty in the European Union, Estonia was well above the EU average of 16.5 percent in 2007. Even before the crisis, Estonia’s relative poverty rate was just over 19 percent, while the Netherlands’ fell far below the average, at just over 10 percent.

“We didn’t understand why this type of support didn’t exist here, when countries like Germany have around 800 food banks, even in the Netherlands there is almost 30,” says Boerefijn.

They decided that they wanted to make sure that the people of Estonia had access to this kind of simple support system. Boerefijn says they went around and talked to many people and many organisations, but all of them were hesitant and turned down the idea. He says that, at that point, they were left with no choice.

“Nobody wanted to do it, so we decided to do it ourselves,” he says frankly.

So, March 2010 provided for the birth of Estonia’s first food bank.

Negative stigma on volunteering
A report done by the European Commission in 2010 explains that volunteering in post-communist countries is seen in a negative light. It explains that during the Soviet occupation people were forced to volunteer, basically forced to work, mostly for organisations that were run by the state. So after these states regained their independence their citizens were left with this negative impression of volunteering. If people would volunteer for organisations after the fall of communism, it was mostly for ones that had existed before the Soviets came in, and not for new organisations. Which may explain why it took a Dutch native to start a food bank in Estonia.

Lauri Luide, event coordinator at Tallinn’s Serve the City, is in his early twenties and says that Estonian society is estranged to volunteering and helping.

“It used to be that no matter what class you were in, whether you were rich or poor, you would have this mentality that you needed help, so why should you help others? Now the mentality is changing,” says Lauri Luide whose organisation is easily finding volunteers.

Serve the City is a non-profit organisation that partners with different projects such as homeless shelters, orphanages, and soup kitchens then brings in volunteers to participate in the organisation’s work. It started in Brussels in 2005 and has expanded to over 70 cities across the globe, including Tallinn. Recently, its Tallinn branch started a first-aid initiative in the soup kitchen. Every Saturday, nursing students are brought in to Tallinn’s soup kitchen so that they can treat minor wounds and infections. The project was actually initiated by a volunteer who attended one of Serve the City’s events.

Lauri Luide says that most people who volunteer for Serve the City are students. He explains that older people are less likely to volunteer because a lot of them still have the mentality from the Soviet era.

“One of it has to do with advertising, when we’re looking for volunteers its more efficient to go and promote opportunities in schools because it provides us with a big audience,” says Luide.

“But there’s also a shift in the new generation towards volunteering. Young people have a new identity where they go beyond their means.”

Government can’t solve everything
The European Commission’s report on volunteering in the EU also found that the influence of communism particularly explains the low participation in organisations that deal with social welfare. Popular opinion in post-communist states is that social welfare is an area that is left up to the government, not something meant to be dealt with by the people themselves.

“There’s only so much the government can do. There is not enough money to give people the support that they need. Welfare support has been rising in the past couple of years but it’s still only at 77 euro a month,” says Boerefijn.

“It’s a joke when there are kids these families need to feed.”

Andra Reinomagi, an advisor at the children’s rights department, says the government is trying to get more services to families living in poverty by coordinating with municipalities.

“Currently there are not enough services or service providers to deal with all the issues that come with poverty, it’s especially harder for smaller local governments,” says Reinomagi.

One family at a time
A recent report by the Chancellor of Justice’s Office said that in 2010 18.6 percent of children lived in absolute poverty, that’s over 45,000 kids. Reinomagi says that this is a big problem because it ends up being very expensive for society.

“In the future these kids become adults who are less educated, tend to have social problems, and end up being dependent on the state,” she says, “But there are ways of helping them even if they are in poverty.”

Piet Boerefijn says that when addressing a problem you always have to start somewhere. He says he asked himself what would be the best way of helping a single mother, and realised that it would be by helping her feed her kids. He says they started off with two people in a tiny warehouse with four food packages. Now, there are nine food banks across Estonia. Boerefijn says that ideally they want to have a food bank in all 15 counties.

The Food Bank’s priority is to give food packages to families, especially single parents. It distributes around 1100 packages a week, and rotates which families get the food every week. Boerefijn says that last year they delivered close to 300,000 kg of food, and this year it’s going to be closer to 500,000 kg.

The organization doesn’t deal with families directly. Instead they collect food and make the food packages. For the distribution they trust local organizations like The Salvation Army to do the job.

“These organizations have already been working for 10 or 20 years. They know who to give aid to because they know who needs it the most,” says Boerefijn.

“These are also the organizations that provide the volunteers, which is very important to the success of the food bank.”

“...you would have this mentality that you needed help, so why should you help others? Now the mentality is changing” - Lauri Luide

Volunteering is a lasting legacy
Members of the soup kitchen staff keep going in and out the back room door, making sure everything is ready before they open the soup kitchen doors to the long cue accumulating outside. Three nursing students in bright blue Serve the City t-shirts are going through their donated supplies, while Luide explains the goal of the organisation.

“A lot of people don’t volunteer because they think it’s hard. By making it easy we provide people with better opportunities to help,” says Luide.

He says his organization is not just dealing with things brought on by the economic crisis.

“A lot of these problems existed before the crisis and will still be relevant after the crisis,” he says.

“The need for volunteers isn’t going to go away. It will take decades for Estonian society to be at Scandinavia’s level.”
Going overseas

Finnish businesses move to Estonia

TALLINN More and more foreign companies are discovering Estonia as a good location for doing business. Especially Finland is showing a lot of interest in its Baltic neighbor. The past years, about 4,500 Finnish businesses have been already established in Estonia. Even in times of financial crisis the number kept on growing. Lower tax rates, joint cultures and cheap labor are responsible for this trend.

By Anneke Hermans

It is Wednesday morning 8.30 am when I arrive at Hyrles, a company that is specialized in the production of different components of sheet metal. From outside, the building looks like every other Estonian building there in the industry plant of Harjumaa: new-looking with big windows and houseplants that decorate the white-painted, wide hall. But the name of the company tells us a different story.

“Hyrles was originally founded in Lohja, Finland, in 1989 by two businessmen, Juhani Hyry and Jarmo Levenskiinen,” explains Urmo Sisask, CEO of the Estonian compartment of Hyrles. “As a fast growing company, we were looking for alternatives to make manufacturing cheaper. And that is why we established a daughter company here in Estonia in 2008.”

And Hyrles is not a unique example. A survey done in 2011 by the Finnish embassy in Tallinn showed that around 4,500 Finnish companies are registered in Estonia. And 3,500 of them are operating actively. The list contains businesses where Finnish ownership accounts for more than 10 percent.

According to Meelis Kitting, Director of the Economic Analyses Division of the Ministry of Economic Affairs and Communication, it is very hard to give a concrete number of Fin-owned companies.

“This is due to the fact that it is difficult to declare the exact definition of a Finish business. Do Fins have to own 3 percent, or more than the half of a company to be called Finnish?” he says.

“To give an example: the Estonian government owns Estonian air, but the CEO of the airline, Tero Taskila, is Finnish. Does that makes it a Finnish company? There is a lot of room for discussion.”

But what makes Estonia so attractive for the Finns? Even more attractive than other Baltic countries? According to a book distributed by Enterprise Estonia – a company that promotes business and regional policy in Estonia – there are five key reasons to invest in the Baltic country: ideal geographic location, stability, simple taxes, access and low cost of labor. (See infobox on the next page)

Closer than ever

If we look at Estonia geographically, we see that its capital is about 80 km away from Helsinki, capital of Finland. “For that reason, we can already see a form of cross-border trade 700 years ago,” explains Valdar Liive of Enterprise Estonia.

Back then, 14th century fishing ships regularly went from Finland to Estonia. They traded fish in exchange with typical Estonian agricultural products like beetroot and sauerkraut. In that time, such a trade mission could easily take more than one day, while modern ferries take no more than two and a half hours. A distance that is easy to bridge.

Estonia is not only geographically close to Finland, but the two countries have a comparable culture. Also Urmo Sisask, CEO of Hyrles experiences that.

“When Hyrles wanted to establish a daughter company, we had two choises: Poland or Estonia. Eventually we chose Estonia because of the cultural similarities. Many Finnish traditions are the same in Estonia. For example in Finland, the majority of the people is Lutheran. And that is also the case for Estonia. And of course there is one big advantage: in Estonia, Fins have the rather unique experience that they can communicate using their native language. Finnish and Estonian are very similar. The whole Estonian management team communicates with their northern colleagues in Finnish.”

Meelis Kitting, thinks that the Finnish-Estonian business culture is also pretty similar. “We are both relatively honest, straightforward and we don’t talk a lot,” he laughs.

According to Valdar Liive, there is a big question being asked when it comes to culture. Is Estonia Nordic or Baltic?

“Meelis Kitting thinks that the Finnish-Estonian business culture is also pretty similar. “We are both relatively honest, straightforward and we don’t talk a lot,” he laughs. According to Valdar Liive, there is a big question being asked when it comes to culture. Is Estonia Nordic or Baltic? “In comparison with Latvia and Lithuania, we look more Nordic,” he says. “But compared to the Nordic countries we are more Baltic. So we are very lonely people here,” he says with a smile.

Stable in times of crisis

The key factor for the stability of a country is a stable and reliable financial system. Since Estonia joined the Euro in January last year, it has been easier for Finnish companies to do business with its Baltic neighbor than in the past. Urmo Sisask confirms that. “Our main customers
are living in Finland. So before the coming of the Euro, we had to constantly keep the exchange rate in account. And that sometimes led to problems. Now it is much easier.”

“Since Estonia joined the Euro, there is more confidence in Estonia. The Financial crisis hit Estonia hard in the beginning of 2008, but we managed to come out of it pretty well. Last year we had a GDP growth of 7.65 percent”, Meelis Kitsing says.

The financial crisis brought some advantages to some Finnish companies, Urmo Siisak can confirm that.

“We started up our daughter company in Estonia the same week Lehman Brothers collapsed in the US. Due to the financial crisis, a lot of good skilled employees were boosted. So we opened our doors and started hiring people. Now Hyrles OÜ is a fast growing company that manages to double its turnovers every year.”

What is also interesting to see in terms of the stability of a country is the perception of corruption in a country. Every year, an annual Global Corruption Report indicating the perception of corruption around the world.

Estonia is ranked 12th out of the 27 European countries. They are placed 28th on a world scale. Thereby leaving its Baltic neighbors far behind. And with this ranking, they are the least corrupt country in Eastern Europe.

Re-invest for free
Another reason why Finnish companies prefer Estonia is because of the simplicity of taxes. Unlike Finland and other European countries, Estonia doesn’t have a corporate income tax on re-invested profits. This means that the company can re-invest their profits in their business without paying money for it. The money can be invested in the company in Estonia or in Finland, if the headquarters is still there.

“Taxes only need to be paid as money is taken out of the company and used to pay out dividends. Such an income tax comes to 21 percent”, Välard Liive explains.

Some people say that lower taxes are the biggest reason why Finnish companies move. But according to Meelis Kitsing such statements need to be taken with a grain of salt.

“It is not that the taxes in Estonia are very low. I would say that they are quite significant. If you hire people here, you also have to pay an income tax of 21 percent. Besides that, you have to pay a social security tax which is 33 percent. And there is an unemployment tax too. Taxes in Estonia are flat and easy to figure out, but not very low. There are places in Europe where taxes are lower, like Slovakia for example”, he says.

E – government
Another important key factor that makes Finnish businesses move to Estonia is the accessibility. Ministers and other decision makers must be highly accessible and problems should be addressed directly and quickly. Estonia is the front runner when it comes to accessibility. Therefor created the concept of an e-government. They try to make it possible for companies to start up and maintain their business online.

“For example, it is very easy to communicate with the tax department. My Finnish colleagues admire the fact that we have good tools to work with. Such an e-government helps to get rid of bureaucracy”, Urmo Siisak says.

Skilled people, less money
Despite the introduction of the Euro, the wages of the Estonians have stayed low. According to statistics, the wage of an Estonian employee is one-third to half of the wages of a Finnish worker. Aivar Kraus, sales Director of 3 Step IT – a service company managing the acquisition, use and replacement of computer equipment – admits that lower employment costs is one of the many reasons why his company showed interest in Estonia.

“Actually we expanded to Estonia already in 2001 because we saw business potential there. We saw that we could sell our services to Estonian and International companies. In 2004, we established our back office function in Estonia because of lower employment costs and availability of skilled labor,” Aivar Kraus explains.

But according to Urmo Siisak, CEO of Hyrles OÜ, the labor costs will not always stay as low.

“The average salary is going up all the time. Maybe not in 10 years but 20 years from now, there will be no big differences anymore between salaries in Finland and Estonia. There are already certain areas in which Estonian employees get exactly the same salary as Finnish employees, like the IT-sector for example. Those guys are working worldwide. It doesn’t matter where you are, the level of salary is exactly the same everywhere”, says Urmo Siisak.

White collar jobs & booming IT – sector
Last months, a new trend has been cropping up in the Finnish – Estonian cooperation. More and more white collar jobs are moving from Finland to Estonia. Therefore it was mostly production companies who made the move overseas.

Also law firm ‘Hedman Partners’ made the move from Finland to Estonia.

“We moved out of business reasons, Kalle Pedak – Attorney-at-Law and partner of the law firm Hedman Partners explains.

“In the beginning of the Nineties, we noticed that the Baltic and the Russian markets became very attractive to Finnish clients. When they decided to expand their business, we moved with them. Most of the white collar jobs move here because of tax advantages”, he says. Also the IT-sector is booming. The Washington Post called Tallinn the Silicon Valley of Estonia. The European Union ministers also approved on the 9th of June 2011 a compromise made by the European Parliament and Council of the EU to establish the headquarters of the EU’s IT-agency in Tallinn.

“The fact that IT-businesses are booming has mainly to do with the Start up’s. We had for example the Start Smart! events. With this project, they want to inspire ventures and active people in becoming entrepreneurs, look beyond national borders and induce cooperation between the establishments of Estonian and Finnish start-up companies”, Välard Liive says.

Lift out of the crisis
The main question that is often asked is if Finnish companies are pushing Estonia out of the financial crisis. According to Meelis Kitsing, Finnish companies are indeed helping, in a direct and an indirect way.

“Businesses who are moving here create employment for Estonians. In that way, they are helping directly. But even if they bring their own employees, they are stimulating our economy in an indirect way. Those people will spend their earned money here in Estonia when they buy a house or do shopping. So yes, I can say that they are helping us”.

According to statistics, the wage of an Estonian employee is one-third to half of the wages of a Finnish worker. Photo: Anneke Hermans
A testimony of Estonians working in a Finnish company

“\textit{We have a similar culture, but we are still different people}”

TALLINN When I enter the office of 3 step IT at 9.30 am, all employees are already busy with their daily tasks. Anu Põldmets, 34, and Taie Kull, 28, are attentively looking at their computer screens. Both Estonian girls are working for the Finnish service company in the heart of Tallinn. Managing the acquisition, use and replacement of computer equipment.

BY ANNEKE HERMANS

Why did you choose to work in a Finnish business?
Taie: “I started working here in September 2006. I studied Finnish language, so working in a Finnish business was a good opportunity for me. Before I got this job as a back office team leader, I worked in a small Estonian company.”
Anu: “I arrived here a few months before Taie, in January 2006. I’m the back office assistant of 3 step IT. I’ve studied secretarial work. Before I started working here, I also worked in an Estonian company. I like working here in this international environment. It’s also a big company, and I like that. It gives you more future perspectives. I’ve never studied the Finnish language throughly, but I’ve learned it by watching TV, especially Bold and the Beautiful, and children series,” she laughs and looks at Taie.
Did you have to follow a certain training before you started working here?
Taie: “Yes, we had to go to the headquarters in Vantaa, Finland. We got an information session about how everything works. After that, we got 2 or 3 days to practice under the guidance of the Finnish employees.”
Anu: “Every year we get a training with the whole company in different places in Europe. Besides that, we also get a lot of briefings, but they mostly happen over Skype.”

What is – according to you – the biggest difference between a Finnish and an Estonian company?
Anu: “I have the feeling that in Finnish businesses the rules are more strict and in place. If a rule is set out, it hardly ever changes. While in Estonian companies rules are more flexible.”
Taie: “I also think that a Finnish company is stricter. That’s good so you know where you stand and where your place is.”

Are there opportunities you get in a Finnish company that you wouldn’t get in an Estonian business?
Anu: “I have the feeling that working for a Finnish company gives me new knowledge.”
Taie: “Finnish and Estonian people have a similar culture, but still we are different people. It’s nice to be a part of this mix.”

Estonia was like every other European country hit by the financial crisis. Still it has one of the fastest growing economies in the EU. Do you think Finnish businesses have something to do with that?
Taie: “Yes, I certainly think they help us getting out of the crisis. New opportunities come if we get support from other countries, like Finland. They create new chances for us, new possibilities.”
Iceland is getting back on track

Today the economic key numbers are again positive for Iceland. On the contrary to what economics were saying in 2008, Iceland has managed to turn the table and is getting through the crisis better than it was expected.

By Sajeev Shankar

“It was like in a slaughterhouse. People went in like on an assembly line and got fired,” Kjartan Hauksson says. He is talking about the day he and his colleagues were told they were no longer needed in the Icelandic bank, Landsbanki, where he had worked for eight years.

Today Kjartan works in the International Markets department in the Central Bank of Iceland. Like for Kjartan, things have improved for Iceland compared to the situation the country found itself in back in 2008. Last year the national GDP of Iceland rose 3.1 percent after it had decreased with 4 and 6.8 percent the previous two years.

Today Iceland has an unemployment rate of just under seven percent, which is high for Iceland but respectable when looking at other European countries. The current average unemployment in the Euro countries is for example 10.8 percent. In terms of real resources per person Iceland is on the same level as in 2004.

“I believe that many Icelanders failed to put their problems into perspective. We are stable among the richest populations in the world. Of course people that lost their jobs and have not regained their employment are not having a very good time. But in the big scheme of things, our problems are nothing compared to problems elsewhere,” he says.

One of the things Iceland cut back on in the 2009 budget was foreign aid, which according to Thorolfur Matthiasson showed the lack of perspective many Icelanders had.

“Reducing the foreign aid is one of the things that could nearly make me cry, because we were down in Namibia giving people something to eat. What did the crisis mean for us? Well a less fancy meal at restaurant. For them life or death,” he says.

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Kjartan Hauksson thinks that Icelanders have become less materialistic after the crisis and he tells me that he values the time with his family more than before the crisis.

“When I got fired, of course I had a worst-case scenario in which I would remain unemployed for a longer period. But I knew the risk for this was very small. I had a feeling that everything would work out. I also think that is partly due to my Icelandic mentality,” he says.

The main explanation is of course that we cooperated with the IMF (The International Monetary Fund) and the Nordic governments in avoiding the worst case scenario that was in 2008. It was a scenario, where we did not have any currency to pay off our loans that was due the following month. The cooperation with the IMF programme also created a trust outside of Iceland, that Iceland was trying to work its way back in an orderly manner. The government managed to give a signal of credible response to creditors that they were willing to use the solutions that were on the table,” he says.

Photo: Sajeev Shankar
According to Kjartan the Icelandic mentality is to work hard and overcome the obstacles that are on your path. He uses the example of the challenges that nature sometimes gives Iceland.

“If the weather is bad and you can't fish today then you simply just wait until tomorrow,” he says. Kjartan is part of a small group of the 1800 fired financial employees, who have managed to find a new job in the financial sector. Many have moved to other sectors.

One of them is Jón Helgi Jóhannesson. Like Kjartan Jón was fired from Landsbanki in 2008. Today he works in innovation and at the moment he is developing a new software for financial companies. He is very sparsome with the details as it is a bit of a secret exactly what the software can be used for.

Even though he doesn't work in a bank anymore he actually still has ties to that sector.

“I have a big appointment with one of the big banks tomorrow, who are interested in the software,” he tells me. The thing that frightened Jón the most when he got fired was the fear of feeling alone.

“I live alone, so I knew it was important for me to get out and meet other people every day,” he says. Therefore he shares his office facilities with around forty other entrepreneurs like himself.

When I ask him whether he would give up his current job to get the old one in the bank back, he says. “No, I like this one more.”

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By Sajeev Shankar

With unemployment lurks loneliness

Every week a group of unemployed meet in a community center in Reykjavik. All of them lost their job in September last year, when the bank Arion had to cut down. They come to give support and good advice to each other. But the meetings are also a break from an everyday life that at times can feel very lonesome when you are no longer part of a working environment.

By Sajeev Shankar
Sigurbjörg Hjalmarsdottir, 41, often brings her laptop with her and goes to the newly built music- and culture house in the middle of Reykjavik. The culture house gives her the possibility of writing applications without having to sit at home alone. Here she meets other people and gets away from the excluding feeling that unemployment can give you.

“I have to go out and see other people. If I didn’t I wouldn’t feel like a part of the society”, she says.

Like the rest of the group that meets at the community centre every week Sigurbjörg was fired from Arion Bank last year. After having worked there since she was 29 years old.

“It felt like a slap in the face [to get fired red.]. I felt I had been rejected, and that it wasn’t fair. I had been a good employee for more than 12 years”, she says.

She doesn’t think the bank handled the situation very well.

“It felt like a slap in the face. I felt I had been rejected, and that it wasn’t fair”

Sigurbjörg Hjalmarsdottir

Since she got fired she has written more than 30 job applications, but getting a job in Iceland is not easy at the moment.

Meetings give ego boost

Today 13 unemployed have chosen to meet up in the community center. Sigurður Albert Ármannsson who works at the union for financial employees, SSF, is here to answer some of the questions the unemployed have. One of the others who has chosen to come to the meeting is Ingibjörg Jona Gardusdottir. Like the rest of the group she was fired last September. The meetings are something she looks forward to every time.

“Coming here gives you confidence, the people here are really good to cheer you up if you have a bad day. We are so few, so we have got to know each other very well. Every time I come here it feels like it gives a boost to my ego”, she says.

Like with Sigurbjörg the frustration over getting fired was very big for Ingibjörg.

“When I was told I was fired I got really angry. At the same time I felt sorry for the people who were left behind they were all crying because we got fired. In the time that followed I got more angry and frustrated, it wasn’t easy. But pretty soon I decided that I wouldn’t let it bring me down,” she says.

One third of financial employees fired

Since the spring of 2008 more than a third of the people working in the banking sector have lost their jobs. Sigurður Albert Ármannsson is one of the only three employees at the union, SSF’s, central office in Reykjavik. He doesn’t think many more people in this sector are going to loose their job.

“The financial sector on Iceland has reached a size that is fitting to the population. It was too big before”, he says.

For Sigurður and the rest of SSF the last couple of years have been extremely busy. “We are only three people working here, it has meant we have had a lot of different assignments. Because we have to be able to help our members in every single way. Sometimes I worked as a lawyer and explained the lay off agreement. Sometimes some of our members were very sad, and I worked almost like a psychologist. It has been a very challenging situation”, he says.

Different surveys have shown that the members of the union have been satisfied with the union’s work during the crisis, and Sigurður is proud of the fact that no general agreements were broken in all this, for example Sigurbjörg got her salaries paid for nine months after she was fired.

It has also been difficult for those working in the bank, who didn’t get fired. The work load hasn’t decreased the same way the staff has.

“We need to increase awareness and create action plans regarding the burnout of the people in the sector. This is perhaps the most alarming issue, because we know the work load they are faced with is very stressful”, Sigurður says.

Blaming the Bankers

After the eruption of the economic crisis in 2008, many Icelanders have blamed the financial sector for what had happened. People are fed up with the financial sector as well as they are fed up with the politicians in the parliment.

BY: SAJEEV SHANKAR
The negativity towards the government and financial sector peaked on Iceland in the beginning of 2009. Then protests weren’t rare and at that time people had started to grasp the magnitude of the crisis. Three months later the Citizens Movement was elected into the parliament achieving 7.2 percent of the votes. This was a party that didn’t even exist a couple of months before the election. A party that was made up by ordinary people who not only wanted but demanded change. A party with completely new ideas on how the country and the financial sector should work.

Margrét Tryggvadóttir one of the four people who were voted into parliament for the Citizens Movement explains, why she chose to enter politics.

“I was furious, that is the answer. I felt like everything here was based on a lie. We thought everything was okay, because the government, the banks and the business owners told us constantly that things were great in Iceland and a lot of us believed that. And then suddenly it all collapsed”, she says.

She was not the only one who was furious at both the government and the financial sector. Many people felt the banks had misled them and that they were responsible for the economic difficulties the country had. A few weeks before the election the Citizens Movement was set to get around two percent of the votes and thus far three months before the election Margrét’s party, the Citizens Movement was elected into the parliament.

“It was all new to us, we didn’t know how to run a party. I think if we had had more time, we probably would have got more votes. At the time of the election we didn’t really know what had happened. It was like one of those volcanos, no one had a real oversight [on the consequenc es of the crisis red.] at the time. But now the polls show that 50 percent are saying that they don’t know which party they are going to vote for in the election next year. There is no faith in politics”, she says.

And Margrét Tryggvadóttir is right. In a survey from 2011 more than half of the people who were interviewed said they “could not trust the advice given by the banks”. Almost of all them agreed that “the bank managers were fully or in the greatest part responsible for the economic downturn.”

And though 28 percent said they had “negative attitudes towards the staff in the banks”, others (more than 60 percent) said they had “sympathy with the frontline staff because of the harassment they faced from the customers after the turmoil.”

One of the bankers who could feel the negativity towards her sector was Ingibjörg Jona Gardsdóttir who worked in Arion Bank for 11 years, before she and 56 others were fired in September last year.

“You felt kind of ashamed of working in a bank. When I met new people I wouldn’t say that I worked in a bank, I would just say I worked at an office, because you didn’t know how they would react. Even last year I didn’t say I worked in a bank”, she tells me.

When the times were the most difficult on Iceland it was not a rare sight to see angry people protesting. Protesting against the politicians. Protesting against the bankers. Some of the biggest protests took place in front of the Central Bank of Iceland.

Back then more than half of the people who were interviewed had more votes. At the time of the election we didn’t even consider that the newspapers were going to vote for the Citizens Movement at that time.

**Little trust in Banks**

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“Worse thing is it doesn’t feel like us. All my life I have been proud to be Icelandic. I liked living here, and there was a good feeling here. I think that the small units, like the family is of more value. But the society as a whole is not, the society is broken. The trust is gone”, she says.

Not many people had seen the crisis coming. Margrét Tryggvadóttir thinks that is why it hit so hard. Today she feels the Icelandic society has changed. It has become more closed.

“The worst thing is it doesn’t feel like us. All my life I have been proud to be Icelandic. I liked living here, and there was a good feeling here. I think that the small units, like the family is of more value. But the society as a whole is not, the society is broken. The trust is gone”, she says.

Not only does Margrét Tryggvadóttir say that the society is broken, shortly after the election Margrét’s party, the Citizens Movement also broke into smaller units. Today she represents a party called “the movement”. She says the break-up was due to the limited time the party had to prepare for the election.

“There was a lot of internal problems after the election. One of the issues was on the EU membership. There was nothing on our agenda about this, so after the election people didn’t agree, some were for membership while others opposed it. We didn’t have time to take up every issue before the election we just thought that we could take the discussion afterwards, but it turned out that not every body could agree with each other,” Margrét Tryggvadóttir says.

And a few weeks ago it was announced that the movement along with other small parties will unite in a new party, called “Dogur”, which in Icelandic means sunrise, a new day.

Margrét is frank and says that in order for the small parties to get elected into the parliament in next year’s election they need to unite other wise the votes will just be split between them, and none of them will get the required five percent of the votes, before she assures that they do agree on most of the issues.
When I first arrive at Borgarholtsbraut I think I must have gotten the address wrong. Lísa Björk Ingólfsdóttir’s name is nowhere to be found on any of the doors to the two apartments in the big white house, a few miles outside central Reykjavik. After looking around for a while, I realize there is another apartment in the basement of the house. Lísa greets me in the backyard and invites me in. The floors and the electricity in the four-room apartment are old – she got a good deal when she bought the place in 2004.

“It’s no luxury villa I’m living in” she says. Nevertheless, it’s her home, as well as the home of her daughters, aged 5 and 15. She is divorced, and her son is 18 and living on his own.

“I’ve painted it up myself and was supposed to do the rest of the renovating later, but the crisis came first.”

Lísa has a Masters degree in corporate finance and was working as an accountant when the financial crisis hit Iceland. Since she was one of the more recently employed, she was also one of the first who had to go when her employer started cutting back in the beginning of 2009.

“I was not one of those who borrowed everything to buy my home. 40 percent of the money was my own, and the rest came from loans” she stresses.

But the effects of the crisis were not confined to the reckless spenders. Even the ones who kept their jobs have had to put up with rising food and gas prices as well as higher taxes. Everyone who had taken a loan got deeper in debt when the inflation skyrocketed.

Lísa’s mortgage inflated from 13 million Icelandic krónas to 22 million. To handle the situation, Lísa decided to seek help from the debtors ombudsman, put in place by the government in 2010.

Thousands seeking debt relief
The purpose of the ombudsman is to facilitate debt mitigation between people in debt and their banks. The ombudsman tries to get the bank to agree to a deal, where the debtor can have his or her debts frozen for a period of six to twelve months and instead pay at least 60 per-

REYKJAVIK Four years after the financial crisis struck Iceland people are still struggling, despite efforts from the government and reports of economic recovery. Lísa Björk Ingólfsdóttir is one out of over a hundred Icelanders who currently risk losing their homes.

BY AXEL KRONHOLM
I just felt I needed to make this known. I couldn’t remain silent.”

–Lisa Björk Ingólfsdóttir

cent of the would-be market rent on the property they own. This is meant to give the persons in debt a temporary break from their creditors, and a final chance to improve their situation so that they can pay off their debts. The ombudsman also suggests ways for the people to economize and raise money to pay the bank, such as selling one’s car.

Although, of the 200 people currently undergoing debt mitigation, about 120 of them, including Lisa, are either unemployed, retired or on benefits and have small prospects of improving their financial situation in the immediate future.

Svanborg Sigmarsdóttir is a spokesperson at the ombudsman office and explains that “most of the people applying for debt mitigation live in the Reykjavik capital area. About a third of them are single women, another third single men and one third couples. It’s common for the single women to also be single parents.”

Over 3000 people have been accepted for debt mitigation up until now. If the creditors do not believe someone will be able to make the payments brokered in the deal, they can ask for foreclosure. That is the decision they have made in Lisa’s case.

“They basically said you don’t have anything to pay off your loans with so you will have to sell your apartment. I said that’s not going to work. The lenders want their money. I do understand that but I don’t have them. Not right now. I’m still seeking a job and I have to take care of my children, so I can’t agree to this.”

Help from the media
Lisa was determined to fight the decision. She felt the bank had been unfair in their unwillingness to compromise and thought that she at least deserved a chance. The same day she was told her house would be put in the market, Lisa contacted the media.

Next day RÚV, the public service radio and television network on Iceland, aired an interview with Lisa where they also brought up the situation for the 200 people in debt mitigation.

“Almost no one had heard of this before. When I called RÚV they said that it was totally new, even to them.” Lisa says.

The news report sparked some debate on the issue, and even prompted the Minister of welfare to make a statement on the radio, saying he would look into the matter. Whether Lisa’s own situation will improve because of her decision to go public, it is still to soon to say.

“I just felt I needed to make this known. I couldn’t remain silent.” she says.

Rents have increased, which limits the options for people like Lisa. Higher demand is one reason for the increase. Furthermore, the landlords also have debts to pay and need to raise money themselves.

Today, average rents range from 120,000 to 150,000 króna (700-900 euros) a month. After food, electricity, gas and other necessities, Lisa has 15,000 króna (around 90 euros) of her benefits over for rent each month.

“Obviously, if I can’t pay the deal offered by the ombudsman of 60 percent of market rent, I won’t be able to pay a 100 percent once I lose my house.” she says.

I ask Svanborg Sigmarsdóttir what happens to the ones who lose their homes. “It’s difficult to say. I know there are some who have moved into their parent’s houses or live in a garage,” she says.

Lisa offers me a cup of coffee and I ask her in what ways she’s tried to economize and raise at least some money to pay her debts. Food and clothes is the first thing she mentions.

“I need electricity, and to look for jobs I need a phone and a computer. Buying cheaper food and cutting back on clothes are the only things I’ve been able to do.”

One of the ombudsman’s suggestions to Lisa was that she should sell her car. It is hard for anyone who has not experienced Reykjavik’s public transport system to grasp the severity of such a suggestion. Since most people drive, public transport is both underfunded and underdeveloped. Lisa believes it would be impossible for her to hold down a job if she had to rely on public transport to drop off and pick up her youngest daughter from kindergarten. Besides, her car is old and would not bring in much money anyway.

“I inherited it from my father who passed away two years ago, so it also has a lot of sentimental value for me.”

Vigilantes try to stop evictions
One reaction to the foreclosures was the formation of Home defence – a group of vigilantes that physically try to stop or delay evictions. When I call them to arrange an interview they are at first very skeptical. The Icelandic media has at times written about them critically, but finally they agree to meet, maybe because I am from abroad.

Þorvaldur Óttar Guðlaugsson and Þorvaldur Þorvaldsson meet me at Café Haiti in the Reykjavik harbor. We have some fish soup together while they explain that their organization has no formal structure or leadership. If someone is facing eviction, that person can contact Home defence and ask for help. At that point, the members meet to discuss and evaluate the case.
“It’s up to each member if they want to take part in the action or not.” they say, and add that the homeowner remains in charge. “It is up to him or her to decide how much resistance we should put up. We also remain in contact with the homeowner during the action.” Sometimes the eviction can be delayed a couple of weeks or even months if Home defence is blocking the house. Other times, the police is called in to disperse the activists. Home defence has yet to use violence against the police, but Þorvaldur Óttar Guðlaugsson says that some members are prepared to defend the homes with their fists if that is what it takes.

When I ask what they hope to achieve, they tell me that they obviously do not think that they personally can go around and stop every single eviction. “Our aim is first and foremost to draw attention to what’s going on, to open peoples eyes and get them to stand up for themselves and their neighbors against unjust debt claims.” they say.

hesitant post-crisis solidarity
Lisa has been in contact with Homedefence. Not to ask for their services – she still hopes that will not be necessary – but for moral support. Many of the Homedefence members are people who have lost their homes themselves and are happy to give whatever consolation they can.

Others are less sympathetic. The effects of the crisis are unevenly distributed in the Icelandic society and a lot of families haven’t been affected at all. Or if they have, it has been in the sense of going on holiday to Spain only once, instead of twice, a year.

At a dinner party I attended earlier in the week, the guests were even making fun of the crisis. Before biting into the roasted leg of lamb, they were talking about the spa treatment they had been to earlier that day. “Oh, we are such victims, aren’t we?” they said and laughed.

Lisa believes there is an unwillingness among the ones who have made it through the crisis unscaved to admit that there are still big problems. “But that’s the way it is. I’m not asking for sympathy either. Most of my anger is directed towards the government. They promised real solutions when they were voted in in 2009.” she says.

Government action is indeed what Lisa is hoping for. She thinks they need to do something to prevent her, and the other persons and families for whom the debt mitigation have failed, from ending up on the street. The welfare minister, Guðbjartur Hannesson, has met with the debtors ombudsman to discuss the situation, but after that the government has been silent on the issue.

Barren job market
Lisa’s plan was to find a new job while in debt mitigation, but her efforts have been futile. “The job market is not improving in any way, mainly because of higher taxes and because it’s more expensive to hire an employee today. The crisis is far from over. Companies are still going bankrupt.” she says.

Unemployment statistics show that in February 2012, a total of 12,600 people were out of a job. That puts the unemployment rate at 7.3 percent – the highest point in eight months. That is a rate some southern European countries would be happy to have, but one needs to compare this to the pre-crisis situation on Iceland, where unemployment averaged just over 2 percent (2.3 average in 2007).

Instead of imposing harsh austerity measures on the public, Iceland’s left-wing government decided to raise taxes and let the banks take a considerable share of the burden. This approach has been applauded by ideological sympathizers all over Europe. However, there is much more to be done. Hundreds of people are still seeking help from the debtors ombudsman because they are not able to pay their debts.

While the absence of harsh austerity has been a relief, the government’s alternative is not without cost. Increased taxes on for instance gasoline squeezes the margins even further for families like Lisa’s.

Struggling to get by
Reports about recovery has become a dominating theme in international news regarding Iceland. This narrative feels outlandish to Lisa. She regularly helps out at Fjölskylduhjálp Íslands – a help center in Reykjavík – where the need is getting bigger every week.

When I visit the help center, a few hundred people are crowding at the door for the weekly hand-out. Everyone is assigned a number and called in a few at a time, where they get a few litres of milk, some bread and some fish.

Ásgerður Jóna Flosadóttir is in charge and tells me they expect around a thousand people to show up throughout the day. However, half of them will go home empty handed – there just are not enough supplies.

Reykjavik by night.
Photo: Axel Kronholm
Hjörtur Hóusser, one of the volunteers, laughs out loud when I bring up the subject of economic recovery.

“If there is any recovery, it’s only in Excel-documents in computers. Here on the ground we can only see how the situation is getting worse.” he says.

Lisa is just as baffled when she reads optimistic news about the progress in Iceland.

“We certainly don’t feel that. I don’t know how they create those numbers.” she says.

The lights are out in Lisa’s living room. It is noon, but the windows do not let in much light. The only place in the apartment lit up is the hallway mirror where she keeps pictures of her children.

I ask her what her backup plan is and where she will go if she loses her house. Her first response is a simple shrug.

“I honestly have no idea where I will go. I don’t really have any family or friends that can take us all in.” she says.

Lisa’s older daughter will start high school next autumn.

“This whole experience has been really tough on her. Her life has changed dramatically. Since we always have to save money she can’t have the same kind of clothes or do the same things as the other girls.” she explains.

On top of that, there is the uncertainty of not knowing where they will live in a few months time. The youngest daughter is five years old, and still unaware of the situation.

“I just don’t know how I would explain it to her.” Lisa says.

A glimpse of hope

Three weeks later, when I talk to Lisa over the telephone, she has some positive news. The ombudsman has been able to, as she puts it, move some numbers around, and has come up with a deal they think the bank might accept.

“It’s something, at least. I only hope the bank will go for the deal. That way, I’ll get them of my back for another year.” she says.

The deal on the table is the same as mentioned above, with a break from the creditors in exchange for 60 percent of the market rent on Lisa’s property. This might be her last chance, and Lisa says she is determined to meet her part of the deal as long as the bank agrees to it.

She is convinced that the media attention she created has helped in getting a deal together.

“This shows that it is worth fighting” she says.
Banking Collapse Makes Icelanders Move To Norway

After the crisis hit Iceland in 2008, the Nordic Countries have been the preferred destination among the Icelandic citizens to get a better future, but the main choice has been Norway due to its better economic conditions. Although the markets say that Iceland has considerably improved, many people still think that one of the best solutions is to try their luck abroad.

BY CARLOS ENCINAS
The history of a country that has been one of the most prosperous, with good economic welfare and low unemployment, has changed radically in four years when the banking system of this mid-Atlantic nation collapsed. In a situation of protests against the government and the banks, demonstrations in the streets, deep disillusionment, dissatisfaction, and low expectations about the future, many people started to pack their stuff towards the east in the European continent. Due to the excellent conditions in terms of wages, job opportunities and quality of life, many Icelandic people decided to migrate to the northern Scandinavian lands of Norway.

The figures and statistics clearly point out that the situation nowadays in Iceland is not good enough to stay and that people try to find new perspectives overseas. In recent years, 2008 was the one with more Icelandics emigrating to another country. From 2008 to 2010 the number of people (5,060) that moved between the years 2008 to 2010 from Iceland to Norway. It is almost the same amount as the number of people that moved from Iceland to Norway in the last two years, this level has recently been reduced.

This migration crisis has hit Iceland seriously mostly in 2009 and 2010. Although the general figures on leaving the country slightly went down in 2011 and it is expected that they will decrease in 2012. The Icelandic Prime Minister, Jóhanna Sigurðardóttir, said last December in an interview in the national television channel RÚV that some people were over exaggerating the migration crisis. She defended her position saying that 2011 had less Icelandic emigrants and that she expected that they will also decrease in 2012. The Icelandic Prime Minister, Jóhanna Sigurðardóttir, said last December in an interview in the national television channel RÚV that some people were over exaggerating the migration crisis. She defended her position saying that 2011 had less Icelandic emigrants and that she expected that they will also decrease in 2012.

The figures and statistics clearly point out that the situation nowadays in Iceland is not good enough to stay and that people try to find new perspectives overseas. In recent years, 2008 was the one with more Icelandics emigrating to another country. From 2008 to 2010 the number of people (5,060) that moved between the years 2008 to 2010 from Iceland to Norway. It is almost the same amount as the number of people that moved from Iceland to Norway in the last two years, this level has recently been reduced.

Migration to Norway has led Icelandic people to take this decision has been that the wages are almost 50 percent higher in Norway than in Iceland. The main reason to emigrate to Norway has to do with the strong economy that they have. Salaries are higher, in particular after the collapse in the value of Icelandic kroner. Norway is a welfare state with a very high standard of living and the labour market is strong...

Mr. Gylfi Arnbjörnsson. Photo: Snorri Már Baldur Arnarsson, a journalist that works in the national desk of the Icelandic newspaper Morgunbladid, thinks that it is worth to move to Norway for people currently without a job in Iceland. One of the clearest factors that has led people to make this decision is the cost of living. The cost of living in Iceland is not good enough to stay and many people have decided to migrate to Norway.

The main reason to emigrate to Norway has to do with the strong economy that they have. Salaries are higher, in particular after the collapse in the value of Icelandic kroner. Norway is a welfare state with a very high standard of living and the labour market is strong...

Big unemployment, big migration

One of the main reasons that made the Icelandic people migrate to Norway and to other countries was the high unemployment that took place in the country by the end of 2008. The last figures about unemployment in Iceland show that in February 2012 12,600 people were without a job, decreasing almost 1,000 people from March 2011. Exactly four years ago, Iceland reached one of the lowest unemployment rates in the month of March since 2001 with 3,200 people unemployed. A year later, it was 13,800 people unemployed followed by 13,100 in March 2010 and 13,900 twelve months ago from today, according to Statistics Iceland.

Unemployment in Iceland has always been low, but...
the big change happened just within a period of seven months, between October 2008 and April 2009, when the number of people without a job increased from 4,500 to 20,000. That is when people started to pack their things out of Iceland and a strong factor of the big migration that has been in the country these past years. Regarding this, Mr. Gyölfur Árnir Þorláksson, President of the Icelandic Confederation of Labour (ÍAS) is worried about the current situation of the country and sad that many people have to try their luck outside the country.

“There have been many reasons that have made the people decide to leave the country. The most important one was because our currency collapsed and we reached an inflation of 18 percent, 95 percent of the financial sector collapsed and a 10 percent of our GDP also collapsed. The real income of the people fell back to 20 percent. When all collapsed and a 10 percent of our GDP also collapsed. The reason of the declining of the unemployment rate is going from 9.5 percent to 7 percent. If you look back to the last three years, no new jobs have been created and we still have the same number of jobs as before. The reason of the declining of the unemployment rate is because the migration is now accumulated up to 2.5 percent of the workforce. Unemployment is decreasing because of emigration and not because of job creation”.

Optimism on Iceland?

The majority of the international media have pointed out a great recovery of the Icelandic economy. While in 2008 Iceland had a debt forgiveness of 13 percent of their GDP (more than a quarter of the population) and their economy decreased by 6.7 percent in 2009, it grew by 2.9 percent in 2011 and it is expected that it will grow 2.4 percent this year and the next one, according to OECD figures.

Iceland’s approach to tackle the crisis has been based in imposing the needs of its population to the market ones in every step. Right now there are some people improving their domestic situation, but there are still a lot of people facing difficulties and one of the outcomes they find when they have few or none options is to migrate abroad. Even though, Mr. Árnir Þorláksson is not really satisfied about the government performance in the years of crisis and thinks that they haven’t done enough effort to promote job creation. This is one of the facts that, in his opinion, is affecting the most to the Icelandic population.

“What we see now in Iceland is that the unemployment rate is going from 9.5 percent to 7 percent. If you look back to the last three years, no new jobs have been created and we still have the same number of jobs as before. The reason of the declining of the unemployment rate is because the migration is now accumulated up to 2.5 percent of the workforce. Unemployment is decreasing because of emigration and not because of job creation”. 

Baldur Árnarson thinks that the unemployment has to decrease to say that Iceland is in the good way of recovery. “The official unemployment in February was 7.3 percent. If that figure go below 6 percent in the summer of 2012 it could be argued that Iceland is on the right track”. Gusti Jóhannsdóttir is not happy either with what the government is doing and thinks that what they have to see is that many standard and middle-class people are the ones suffering the most. “People in power and people with money are optimistic and think that everything is about okay again. I have talked to such people and they think like that. But the families are still suffering a lot. The old and the sick are suffering, with less and less money. The small companies are suffering also as well as the unemployed. I am not optimistic about things getting better for anybody anytime soon except the people at the top. More families stand in line every day to get food because they can’t afford to buy it and sick people have to pay tax on their health insurance payout”.

Future generations

Taking a look at this migration phenomenon, one can think about the upcoming generations and their future, whether they will be lucky and get a job in Iceland or if they will have to follow the same steps taken by many people in the last years.

“More families stand in line every day to get food because they don’t have money”

Jón Atli is optimistic about the future of the Icelandic students. Photo: Jón Atli

Jón Atli is the Vice Chairman of the Student Council in the University of Iceland and also a very optimistic young man. He clarifies that the situation among students is different than from the people in the labor market and that despite the collapse harmed Iceland severely he thinks that the economic scenery should improve in the upcoming years.

“The recession has hit us hard. A lot people have migrated to Norway but mostly people searching for jobs. In students is different. They are now learning and they go abroad to get a more prestigious degree and to study new cultures. They don’t go because of the recession. When they leave, they want to come back. It’s not like in the job market that they move abroad with their families.”

He also says that if even Icelandic people need to go to other countries, it is inside their DNA’s to go to other places to train themselves and improve their skills.

“It’s been in the history of Icelandic culture to go abroad, mainly to the Nordic countries, and try to get more knowledge and get more educated to come back and teach Icelandic people what they learned abroad. It’s somehow submerged into our culture to go abroad and do this.”

In order to encourage the students to have a job in Iceland, so they don’t have to leave the country when they finish their bachelors, there is a special student loan fund called LIN, that stands for Lánasjóður Íslenskra Namssmann in Icelandic.

“This loan helps students here and the ones that want to leave the country. For Icelandic people it’s relatively
easy to go within the Nordic countries. For job opportunities Norway, as well as Denmark, are pretty obvious choices. People now stay there because the pay is good and they can easily stay there.

Another way to promote job opportunities among the youths is to try to maintain these loans and also recognizing some businesses when they pick students, as Jón Atli explains.

“We are trying to maintain the loans we receive from the government. The money that students receive in these loans is the same amount of money that an unemployed person gets in a year and we want to maintain those figures we receive. We have increased them 32 percent in the last three years. In the Student Council, we have also given recognition to a bank for hiring young people.”

Getting back to Iceland?
To take the decision of leaving to another country is not always easy and even less in these times of crisis. Everyone has the desire of getting back to Iceland at some point, but the Icelandic people want to make sure that coming back home is not taking the wrong step into their land, as Gauti Jóhannsson thinks.

“I will get back only if I get a good, well paid and stable job. Maybe when the situation gets better but I am not so optimistic right now.” Mr. Arnbjörnsson thinks that the decision of returning or not depends on each individual case: “Historically in earlier crises we have seen that some tend to stay, but most of them come back. But you never know because it depends on the personal situation of every person. The problem of this is that many are highly skilled educated workers and we are losing a lot of knowledge.”

Jón Atli, stays optimistic thinking that the future generations might go abroad for a short period of time, but that they will end up working and doing their lives in Iceland.

“Some students are pessimistic, but I think that the majority are optimistic towards the future of the country. They have faith that everything is going to get better here hopefully. That is what we want to believe. If they can get a good job out there when they finish college they might plan to stay for some years but in most cases people just want to come back.”

“Many migrants are highly skilled workers. We are losing their knowledge”

A “For Sale” sign in a former restaurant in downtown Reykjavik shows the real daily problems the Icelanders have to face today. Photo: Carlos Encinas.
MOATE Three years ago, Ann Kiernan decided that she had had enough. A third mortgage was more than she could bear. The solution: sell her house in Dublin and buy one in the countryside. She lost over 100,000 Euros because of the plunging property prices.

BY ANNICA LINDSTROM

During the early spring of 2012 Ireland enjoyed the warmest spell since 1956. 50 year-old Ann Kiernan is lying in her sun chair and enjoying the warm weather after getting back home from work.

“Listen... Can you hear how quiet it is? After living in Dublin all my life, I am the first one appreciating the quietness on the countryside,” Mrs. Kiernan says while sitting on the bench in front of the house.

Even if Ann Kiernan likes the silence, it is not how it is supposed to be. The housing estate in Moate she lives in was planned to be full of life. Today, more than one third of the houses are unoccupied, making it a so-called ghost estate.

The ghost estates can be found all over the country, making the government declare it a national problem. The falling property prices in Ireland have led to an inconvenience being revealed. During the economic boom in Ireland, between 2000 and 2007, the Irish built a lot of houses around the country. Since the peak in early 2007, the property prices have plunged by 47 percent on a national level, and even more in Dublin. And the latest figures do not show any sign of recovery.

When realising that the property bubble had burst, every developer stopped building new houses. But then it was too late. Because of the reckless building that had been going on for 7 years, there is a big surplus of houses. While the “For-sale” posters keep increasing in the windows along the main road that goes through Moate, the estate agent offices are shutting down. Michael Claffey’s office is one of the two that is still operating.

“During the peak there were five estate agents in Moate, now there are only two of us left. I am only able to continue because I am also renting out apartments and houses,” Michael Claffey says.

“It is a buyer’s market at this stage. Sellers are getting desperate and they are prepared to take whatever is offered to them. I have a four-bedroom apartment that three years ago was sold for 235,000 Euros. I have now taken a booking deposit on it for 125,000 Euros. That is the situation that we are in at the moment,” Michael Claffey says.

Through the window of his office, you can see that the example mentioned is not unique. Out of 25 advertisements most of the houses have figures written in red, revealing that the price has come down. Compared to the years of the Celtic Tiger’s boom Michael Claffey’s job had changed radically. Now he has less than half the potential buyers than he was used to.

“Even though it might sound a bit odd, it feels better to be able to sell a house today than it did during the boom. Nowadays people really have to think if they want to buy a house or not, during the boom they just bought anything. People even bought things that did not exist.” Michal Claffey says referring to people buying houses while they were still in the planning phase.

Rock bottom?

Today optimism does not exist. Even if Michael Claffey could easily be characterized as an optimistic person, he finds it hard to see anything positive in the future of the property market. Like so many other times, the banks get the blame.

“The prospect does not look good. The big problem is that the people cannot get their hands on finance. And until the banks start releasing money to people, we are going nowhere. It is really rock bottom at the moment,” he says.

John O’Connor, who works for the department of the Environment, Community and Local Government, shares Michael Claffey’s view.

“Nothing will happen unless people start buying again. At the moment it seems like a lot of people are...
The report suggests a number of different opportunities for the unoccupied or unfinished estates. The areas that are facing the biggest problem are the rural areas in the west of Ireland. Cities like Letrim and Longford are shocking examples on how wrong it all went. Moate, which is located in the middle of Ireland, is a good example of a small town that is trying to deal with the unoccupied houses and unfinished units. Ann Kiernan’s house is just a few hundred meters down the road from Michael Claffey’s office. Her house is one of the forty white houses placed in a circle along the main road that goes through Moate. In the middle there is a small grass field where the flowers have already burst out in different colours. The sound of children who are playing around and jumping on a trampoline completes the picture of an ideal place to raise children.

But out of the forty houses around the flowering daffodils, almost half of them are empty. The perfect picture starts to shatter when you take a look through the windows. In the first house, close to the main road, the only colour you can see is grey. The floor is made of concrete and the building blocks have not been covered by wallpaper. How far the developer has gotten in the house is impossible to say. The contractor had decided to put some white plastic in front of the windows. All the houses are alike. Three rooms, a bedroom and a kitchen. Michael Claffey is the one trying to sell or rent the empty houses. John O’Connor was the chairman of the work group who produced a big report on all the unfinished estates around Ireland. His report has been the most important tool for the government, in its efforts to find solutions for the empty houses.

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“There is someone moving into this house next week, they are going to rent it,” Michael Claffey says.

Ghost estate is a term mainly used by the media for unfinished houses or unfinished sites that were planned during the property boom in Ireland 2000–2007.

Safety issues worries parents
John MacIntive is rushing in order to get his flowers planted before it starts raining. This month John and his family have been living in Ard Grainne for two years. “It was what we bought into. I like the area because it is quiet and the houses are good. But what has changed is the value of the house. They dramatically decreased. We got our house two years ago, so we did not lose as much as the people who bought during the boom. But that only matters if you are selling it, and we are not selling,” John says.

John and his wife did what most of the young couples with children do when they want to buy a house. They went to the bank in order to finance their future home. As unemployment is 10 percent higher today than it was in 2007, a lot of people are struggling with paying their mortgages. Most banks in Ireland are also under great pressure. John MacIntive says he’s not worried about the banks repossessing his home. “No, we have loads of German money to take care of them. I just live day by day and I do not really care too much. I guess I would care more if it would affect us, but we have a job and we are happy,” John MacIntive says.

The west is worse
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IRELAND

The safety of the ghost estates has been an ongoing debate that got a new energy boost when a two-year-old child died after he drowned in a pool of water in an unfinished estate in February this year.

**Community initiatives are encouraged**

According to John MacIntive, the unfinished estate is one of his main concerns. Even though there is a fence going around the unfinished estate there are many gaps where children could get through. John MacIntive has forbidden his two sons, a 5-year-old and a 3-year-old, to play there because he is afraid that they will hurt themselves.

“It is not a place for a child to play around. It would be nice if they [local council] would cover it up. I am hoping that they would have gotten it done within five years. But at the same time we all know that the country does not have enough money,” he says.

Other parents in the estate agree with him. Edinalva Matias, a Brazilian woman who is renting one of the houses is worried about her son getting hurt.

“I would not let my boy play in there. I cannot even see him because of the thick wall that separates our estate from the field,” says Edinalva Matias.

John O’Connor says that the government is well aware of the safety issues at the ghost estates. But he also says that the government does not have the money to help out all the people living at ghost estates.

“We know that there are a lot of people that need help, but unfortunately we can only give aid to the once really, really need it,” he says.

John O’Connor’s suggestion is that people should try to do what they can do by themselves and not wait for the government to fix the problems. He talks about an area in Dublin were a few unemployed architects came together and decided to ask people what they would like to have.

“It was interesting, because the architects found out that the people wanted other things than the architects themselves. For example there are a lot of self-employed people in the area and they wanted to have offices where they could meet up with their clients. Thanks to the initiative some of the empty houses were used,” he says.

Since the property prices started plunging, the Irish have stopped building houses. After Spain, Ireland has the lowest number of building permits in the EU. That gives the government another reason to make sure that as many houses as possible are occupied and taken care of, since the building stop that has been going on for over four years might lead to a deficit in a few years.

**DUBLIN**

The new housing estate in Balgaddy was going to have **everything**: 400 houses, shops, a post-office, a school across the road. Tenants were looking forward to move into the **brand-new houses**. It almost sounded **too good to be true**, and it was.

BY ANNICA LINDBROM
When you have a quick look, driving through the streets in Balgaddy, it looks like any other estate that is owned by the local authorities. Kids are playing football and people are enjoying the sunny evening. Between 2004–2007 around 400 units were built by local authorities in Balgaddy, located in the South County council of Dublin. The houses that were built won architecture awards. The estate Tor an Rí was going to become the model example for social housing in Ireland.

It was in one of these houses that Joanna Mouls was going to move into. She was exited about it, because as a single mum of a disabled child she felt this would be the perfect place.

"It was called a master plan. We were told that there would be service over there," Joanna says while pointing at the school across the road.

"The school and the crèches were supposed to be around the corner. On paper it said that there would be a schools for children with special needs," Joanna says. Joanna is far from the only single mum in the area with a disabled child. Families with disabled children were one of the target groups when the plans were made. Balgaddy also has a large per cent of immigrants, travellers and people with different addictions. These were all promised the same thing: service.

But the master plan never came through. The main reason is revealed in the biggest and most expensive tribunal in Ireland's history, the Mahon Tribunal. The investigation has been going on over a decade and in March 2012 it got to an end. It is highlighting the corruption among politicians. It was going on every level and several political parties were involved. For the people of Balgaddy this meant that the money that should have financed shops, post-office and playground ended up in brown envelopes instead.

Pulling together

While Europeans hear about new austerity measures taken place in Ireland, the Irish government is busy cutting the budget. The department of Environment, which is in charge of the social housing, has had to reduce its budget by quarter. This year the government is going to give 250 million Euros to local authorities to construct and regenerate social housing this year. The South Dublin County Council is going to get 11, 5 million Euros. In Balgaddy the tenants just hope that they would get some money.

"We have never asked for anything extra. We are just asking for the things we were promised and things that were written down in the plans at the start. We were all left here high and dry when the economy crashed. They even closed of a road were we walked to get to the bus. They breached every regulation of the Barcelona declaration [a declaration on how cities should become more disabled-friendly]. For example, there is not a single bus stop outside any of the houses," Niamh Lapsley says. The lack of links to the outside world has had its advantages.

"I feel like the people in the community have gotten closer to each other. In the beginning everyone was a bit wary, some people did not speak English that well. Some people were used to only hang around with people from their own family, some were sick and some had a lot of troubles." Niamh Lapsley says.

For a lot of people living in the small community the playground and a post-office are not priority number one.

"I scrubbed this before Christmas," Stephanie Shield says and points at the window. She is not pointing at some greasy spots in the window. Her finger is pointing at the black dirt the starts down at the windowsill and continues up for approximately half a meter along the window.

We are standing in her daughter’s bedroom. The interior goes in all kind of pink shades. Stephanie bends over a few toys to lift away the stereo.

"Here you can see three different types of mould. The white one is the most dangerous."

Low cost-solutions became expensive

All these houses were built during the property boom in Ireland that started in 2000 and got an abrupt end when the property bubble burst in 2007. Because of cheap labour and relatively cheap material a lot of councils took the chance to build houses for tenants.
Even though there was a lot of money during the economic boom in Ireland, you do not have to be an expert to see that the developer, Gama Construction Limited, tried to keep the cost as low as possible. This has resulted in a lot of problems. Holes sized of a fifty-cent coin go all the way in to the living room, the windows do not have the proper seal and the houses are crumbling. The more you walk around and talk to people the more you start to wonder how the people have been able to avoid serious accidents. There are safety issues and serious problems with mould. Several reports have been written about the problems, but not a lot has been done.

**Doctors are wondering**

“Here they have tried to paint over the cracks in the houses,” says Lorraine Hennessy, the spokesperson for Balgaddy Working Together. She continues. “In a report published by the county council all the issues have been fixed. But as you can see they are not.”

Stephanie’s children all have been to the doctor for their asthma. “The doctors keeps asking us why there are so many kids in Balgaddy with breathing problems,” she says.

Stephanie is far from the only person having problems with mould and damp. The Irish leftwing party, Sinn Fein, has released a report on a survey it had carried out. It reveals ongoing problems with council houses in three Southside housing estates and how the people have tried to deal with them.

According to the survey 85 per cent of those living in the Méile an Rí, Tor an Rí and Búirg an Rí estates, had encountered some problems with their homes. Some 61 per cent of those surveyed said they had contacted South Dublin County Council about problems such as dampness and leaks but were dissatisfied with the response from the local authority.

Stephanie’s biggest fear is that something severe will happen to her children. As many others she has tried to contact the local authorities to get help numerous times in order to get rid of the mould. She shows the last letter she has gotten from the authorities.

**85% of the tenants have encountered problems with their houses.**

“The letter that I got does not say anything useful, there is nothing in it,” she says.

**Reports tell a different story.**

According to an article in the Irish Times, published in March last year, the county councils architect, Eddie Conway said that the schemes had been supervised on site by well-regarded architectural consultants. He added “a dedicated team had been established by the council to address this growing problem of damp and condensation in Balgaddy.”

According to an official report made by the South Dublin County Council and published on the 16th of November 2011, most of the problems that the tenants in Balgaddy have been complaining about are now fixed. It also says that the tenants have not been reporting all the problems.

Last year the county council also demanded that the construction company would contribute to the costs of repairing houses that have become ravaged with mould. But Stephanie has not seen any of this. Her house is still full of mould.

“They have not suggested anything. The only thing they have said to me is that I have not kept the windows open more often,” she says while standing at her front door which you can see through thanks to poor quality.

**The staircase has started to crumble and the concrete tiles are glued together with silicon. There are several families with small children that walk down these stairs on a daily bases.**

Photo: Annica Lindstrom
IRELAND

Getting Irish men to talk

BY WYATT HUGH MCCALL

LIMERICK In response to disproportionate rates of unemployment and related health concerns between men and women, Ireland has begun to adopt the Australian practice of Men’s Sheds. Through a work-related atmosphere, the men build projects and pursue new skills, while reshaping what discussion groups look like.

From the party going on at the Men’s Sheds Showcase in Limerick, you might think everyone there were old friends. Everyone was talking loudly and laughing louder. A DJ in the corner was playing everything from Classic Rock to New Wave while overhead a disco ball turned the place into a dance hall. Food and drinks lined the back wall. There was even an X-Box hooked up to a television.

It didn’t look like a room full of unemployed and re-tired men. But all around there were tables and stands showcasing a new phenomenon in Ireland, that of Men’s Sheds. In one corner was a table with an elaborate, do-it-yourself stained-glass window display, while across the room two men gave a cooking demonstration of how to bake healthy scones. On another table, two men with matching beards were displaying a collection of the wood and metal work they had done in their shed. The Sheds, or discussion groups as they operate, have begun popping up all around Ireland in response to health issues related to unemployment and social isolation. Historically, Ireland has had trouble getting men to join resource centers and discussion groups to talk about their problems. But through a work-related atmosphere, where members create projects together and pursue new skills, the Men’s Sheds have begun to change that. And in a country where two-thirds of the unemployed are men, it had been a growing concern.

Mental Health and Unemployment

A 2011 report from the Institute of Public Health in Ireland, a government funded research group, found that 93 percent of the frontline organizations that are in contact with unemployed men linked health concerns with unemployment and the recession. The report also surveyed 50 men who identified the stress and anxiety of unemployment, the isolation one feels, and the reluctance to approach services or seek help as having the greatest impact on their health.

“The research has identified the relationship between being unemployed and suffering ill health, particularly mental health for men,” said Associate Director Owen Metcalfe in the report. “Men’s health issues in times of economic recession are made more difficult by their tendency to take fewer preventive measures, and be less likely to seek support.”

The report also found a significant increase in the amount of suicides in both Northern Ireland and the Republic over a two year period. In the Republic the suicide rate for men rose nearly 13 percent, going from 379 in 2009 to 427 in 2010. Already men are three times more likely to commit suicide than women in Ireland.

Much of this is to do with what employment actually means for an individual. It’s seldom just a money problem with men who become unemployed. There can also be a loss of self that comes when an individual loses their job. For many men, where they worked also became the center of their social lives. So the loss of work wasn’t just about the loss of income, but also much of their identity.

“I think it’s very much about the connectiveness to societal, to social demand of work that is really very important in providing you with a sense of identity, a sense of self,” said Owen Metcalfe over the telephone. “And depending on the job, incorporating self-esteem and giving you a sense of place in the world.”

“Men’s health issues during times of economic recession are made more difficult by their tendency to take fewer preventative measures, and be less likely to seek support.”

But that same report indicated the Men’s Sheds as a successful response to these factors. Key of which was its ability to get older and younger men to talk face to face, they talk shoulder to shoulder.”

“The official motto of the Men’s Sheds is “Men don’t talk talk face to face, they think shoulder to shoulder.” Meaning that men must be doing something else at the same time in order to talk.

“So standing side by side, doing things, there’s a greater chance of interaction” said Juan Carlos Azzapardi. “And we said lets do something around that. And the Irish Men’s Sheds which was started in Australia is what we adopted.”

Research from the Institute of Public Health in Ireland shows stress, anxiety, and isolation as the leading health factors related to unemployment:

- 80% caused by stress and anxiety
- 70% caused by feelings of isolation
- 60% caused by reluctance to approach services
- 55% caused by family conflict
- 40% caused by drug and alcohol use
- 25% caused by decline of physical health

Source: The Institute of Public Health in Ireland
Ireland

So when they lose their job, many men find themselves to go. For many men, being employed is what usually and isolation. Projects aside, the shed is also just a place to go. But now the sheds give men a place to go. Whether they have anything planned or not, they're always welcome to just stop by and hang out. One of the main functions of men's sheds is to be a place to go.

“I think they're a great idea,” said Gerard Kelly of the Southill Men's Shed. “When you're unemployed, they get you out of the house and out meeting other people around your same age. Even if you have nothing planned, it's just about going up on a Thursday morning. It's just about being in the room, having a laugh. It's the social aspect. You go somewhere.”

“You're out meeting people too, which is most important,” said William Lenihan, also of Southill. “It gets you out of the home and away from the boredom. It gets you active again.”

“No one is doing things everyday,” said Brian Hickey of Southhill. “Sometimes I'm doing two things a day.”

“This kind of thing gets me out of the house and helps me meet people and that kind of thing,” said Michael Rayes of Southhill. “If you isolate yourself, you're going to run around like a zombie. So you have to get out and meet people. And the Men's Shed is very good for that.”

“They are groups of men who are coming together to do something,” said Juan Carlos Azzapardi. “Whether that's a boat building, glass making, furniture restoration, whether it's cooking. It's just about gathering and doing. Some people go golfing, they go fishing and learn how to fly-tying.

Somewhere to go

Yet the sheds offer a simpler solution to unemployment and isolation. Projects aside, the shed is also just a place to go. For many men, being employed is what usually got them out of the house and offered them a place to go. So when they lose their job, many men find themselves just staying home, or wandering around with nowhere to go.

Several people have said to me that they have noticed men walking round their town, long after they have lost their jobs or their business, wearing their working gear for the day,” said John Evoy speaking with the Irish Times.

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Teaching and learning new skills

The Men's Sheds have also become informational hubs, where the men can find out about what's going on in their own communities on a week to week basis. It's also become a place where men from different backgrounds and different generations can teach each other skills that they wouldn't have had before. For example, men who know about carpentry may teach those from the IT sector some of those skills.

“There's a lot of avenues that lead out of it,” said Brian Hickey. “If you join the Men's Sheds and there's something happening you'll find out about it there. So you get to do other things, apart from the Men's Sheds you know. You're not isolated from anything, you get to know what's happening around town as well.”

“And then you hear if there's any course going, you can pick up all the information,” said Sean O'Brien of Southhill. “If you want to do something with computers or whatever, you can pick up all sorts of education there.”

“It helps you know what's going on around town. It keeps you informed,” said Michael Rayes.

“In Australia, the Men's Shed is a hub to the community,” said Thomas Mulready. “That's something that I'd like to do here in Southhill, make it a hub where the men can just pop in. One of the advantages of the men coming here is that they also hear about other courses being offered. For instance, there's one of the lads who just found out there's a course on how to use skype and things like that.”

Not an employment agency

The one thing that can be said against the sheds is that the time spent at the sheds would be better utilized looking for a new job. And the Men's Sheds don't really offer any employment service. They're simply a place to go when you've got time on your hands. They offer friendly company and stuff to do. In fact, one of the reasons the Men's Sheds have gained such popularity is their contrast to other social services. In the Institute of Public Health report, many men reported being treated poorly and unrespectfully at the welfare office. The main focus of the sheds is, after all, health and well-being. This is the service they offer.
“This is something that’s received a bit of attention,” said Owen Metcalfe. “One of the men who were reporting on this said something about not being treated with dignity and in the various services when they come into contact with the services. Now you know that it’s not universal, but it seemed to crop up quite a lot in terms of men saying that the reception they got in the welfare office was very unrespectful.”

“As we say, we’re not counselors,” said Thomas Mulready. “But if they want to talk to us about anything they can. Obviously we can’t help them financially, but we can give them a bit of advice. I can only give them advice, I can’t tell them what to do. In terms of getting a job, we don’t do that. But we do, if they get a job interview, give them support and wish them luck. We do try to encourage that as one of our big things, getting a job. A job takes priority at the end of the day.”

**Only in Ireland, Australia and the UK**

So far the Men’s Sheds seem to have been an answer to many health-related problems associated with unemployed men. By giving unemployed and retired men somewhere to go and people to meet, it’s also created an atmosphere where Irish men are for the first time showing up in numbers to health services.

But so far this approach has only been taken in Ireland, the UK, and where it originated, Australia. Yet many countries have seen dips in men’s health, spikes in their suicides, and domestic problems. There has yet to be any studies done to see if the mental health has improved among men in a shed versus those outside, but the men themselves are reporting a positive change. And in a country where the men will sing long before they’ll talk, the sheds have been successful at that.
Emigration nation

Why the Irish are migrating once again

IRELAND

DUBLIN Leaving Ireland for better prospects abroad is now a fact of life for many in Ireland, since the financial crisis hit the country. 60,000 people are expected to have left Ireland during the last 12 months. But while many emigrate because they can only find employment abroad, others are leaving because they simply want a change of lifestyle. By Rasmus Bagge Jensen

“My choice was working here or not working at all,” says Eoin Morgan. Originally from Cork, he now calls Melbourne, Australia home. He is 32 years old and works as a software developer, a skill he could only put to good use down under. And life is good there for this Irish emigrant, who doesn’t regret his decision to relocate half a world away from home. After having spent one year hunting jobs, Eoin Morgan decided to leave Ireland.

“The employment positivity is amazing here. It feels great when both you and the people around you have jobs. It’s not like back home,” says Eoin Morgan. This Irish expat is one out of many. Since the crisis hit Ireland in 2008, emigration has once again returned to the Emerald Isle, and the Irish are leaving for better futures abroad. But is this current batch of emigrants leaving the country because the economy crashed? And were these people expelled by circumstances, or is there still an element of choice involved in the decision to seek employment abroad, just for the sake of sheer adventure?

Coming for St. Paddy’s

It’s the day after the St. Patrick’s Day celebrations, and the busy O’Connell Street in Dublin is filled with hung-over city explorers, a lot are clad in green garments from head to toe. The day of bingo drinking and celebrating everything Irish is over, but some have still made it outside to get as much out of the weekend as possible. This street is one of the city’s most busy tourist hubs, and a lot of the now slightly sober celebrators have come from overseas to join in the celebration, making the St. Patrick weekend a short relief, where more people seem to enter the country than leaving it for good.

According to the Central Statistics Office Ireland, emigration among Irish nationals continued to increase sharply from 27,700 to 40,200 over the 12 months comming up to April 2011. And in 2012 this trend is increasing according to Joe Durkan, who is on the Quarterly Economic Commentary editorial team at the Economic and Social Research Institute, based at Trinity College, Dublin.

“We are expecting that by April this year, the net emigration will have risen to 60,000 people,” says Joe Durkan. Though he explains that the official statistics from the public census are the subject of some debate at the moment.

“They just discovered a 100,000 more people in Ireland than there was supposed to be, so right now we are waiting for numbers in the new census,” he says.

From tiger economy to crisis

Ireland fortunes appeared to change for the better in the mid-1990s, when years of big spending on higher education, low corporate taxes, European Union aid and foreign investment helped transform Ireland into the “Celtic Tiger.” Between 1995 and 2000, the economy showed nearly double digit growth every year on average, and Ireland began to catch up with its richer European neighbors. This changed however in 2008, as Ireland’s banking crisis triggered a deep recession and unemployment soared.

And while Ireland was capable of attracting its own wave of immigrants during the boom years, especially from the new European member states in Eastern Europe, most of these foreigners have packed their bags and left the country again. The only evidence of their short stay, are the specialized food stores you find scattered throughout the city of Dublin, selling canned food from the home country. Some still stay on, and you can meet a lot of bus drivers with a thick Eastern European accent when you get about in the city. But according to Joe Durkan, most of the Eastern European immigrants came to work in the construction sector. And when the housing market collapsed, so did their chances of finding employment.

Irish emigration in numbers

What the emigrants say:

59% of the emigrants left by their own choice while 41% said they were forced to emigrate. 72% of those surveyed were in paid jobs when they decided to emigrate, while 28% were unemployed. 42% of those in jobs who emigrated, listed the desire for change as the main reason for their decision.

75%, when asked if their new job was better than the one they had left behind, said it was better. 10% said not as good and 14% about the same. 72% of those who have left the country intend to return to Ireland to live at some stage. 48% of those surveyed emigrated alone, with 24% going with a spouse or partner, 3% with their children and 25% with friends or work colleagues.

83% of those who were unemployed before they emigrated gave work as the main reason for their decision to leave. A substantial majority of the unemployed who emigrated said they would have stayed in Ireland if they had been able to find work.

94% of all who emigrated had found work.

This survey of Irish emigrants was published by The Irish Times on March 17. It was conducted by a market research company through telephone interviews with 302 people with a cross-section of emigrants in terms of gender, age, place of origin in Ireland and destination abroad.

The people interviewed were Irish nationals who had left the country since 2008.
Because the job numbers are crucial, and directly linked to emigration numbers, explains Joe Durkan. The models in the Economic and Social Research Institute’s prediction of future emigration levels are chiefly modeled on, with some added factors, the state of the labor market.

“And if things continue to be this depressed, with an unemployment rate at 14.2 percent, then we can expect more migration,” says Joe Durkan.

According to him, one factor that influences emigration is the health of domestic spending, one of the key factors in creating jobs. A large portion of the job market is directly related to the home market, and when people aren’t buying as much as they used to, unemployment and the potential for emigration goes up, he explains.

“If the emigration numbers were lower, it would show up in the unemployment figures,” he says.

According to a Sarah Meade, a press officer from the Fianna Fáil opposition party demanded an immediate apology for what he said were insulting remarks.

“I was disgusted to hear Michael Noonan describe emigration as a ‘free choice of lifestyle’ and adding insult to injury by adding ‘it’s a small island, a lot of people want to get off the island’,” he said, according to The Irish Times.

Critics however, like politician Willie O’Dea from the Fianna Fáil opposition party demanded an immediate apology for what he said were insulting remarks.

“I was disgusted to hear Michael Noonan describe emigration as a ‘free choice of lifestyle’ and adding insult to injury by adding ‘it’s a small island, a lot of people want to get off the island’,” he said, according to The Irish Times.

He added that 45,000 of the 76,000 who emigrated last year were Irish nationals and said Mr. Noonan’s dismissive and flippant tone had caused hurt to thousands of families.

Eight programs to boost employment:

Since the Fine Gael party came into office, it has implemented a number of measures, aimed at addressing the unemployment crisis and large emigration numbers. Eight of these programs are:

- A New National Internship Scheme with 5,000 places
- Extra 15,900 places for further education and training programs.
- VAT on tourism-related services cut by a third from July 1.
- New National Employment and Entitlements Service and a further education and training authority.
- Visa Waiver Program for certain short-stay visitors (aimed at boosting employment in the tourism sector).
- VAT on tourism-related services cut by a third from July 1.
- New National Employment and Entitlements Service and a further education and training authority.
- Extra €75m for shovel ready transport projects to create/sustain 1,000 jobs.
- Extra €40m for 2011 Summer Works Scheme for 453 schools to create 2,400 jobs.
- New support program for home energy retrofitting to create 2,000 jobs.
Ireland with a physics degree, but I doubt I could get a research job, which I wanted,” explains Moss Hamilton.

**Forced or free choice**

According to a survey conducted by *The Irish Times*, 42 percent said when asked, that they left Ireland in order to experience a change in their lives. 40 percent cited job opportunities as their main reason for leaving and 17 percent explained they emigrated because of personal reasons.

Overall, 59 percent felt they emigrated because of their own personal choice and were not forced by external factors such as unemployment. Divided by sex, 67 percent of women feel they left because of choice, whereas only 36 percent of men left motivated by their own choice.

According to Joe Durkan, the emigrants of today differ from the previous migration waves.

“According to *The Irish Times* survey, the majority of emigrants left the country with a higher education: 25 percent had a university degree or similar, 42 percent had a high school degree, 16 percent had a master’s degree and 2 percent had a PhD.”

One place where the old habits of emigration have not changed is the destination of the expats. The Irish emigrants are going to countries, where there isn’t any language barrier, and where there are plenty of space and job offers.

In the survey conducted by *The Irish Times*, especially three destinations were chosen by the emigrants, 33 per cent migrated to the United Kingdom, and Australia and New Zealand welcomed 39 per cent of the Irish migrants. According to the Central Statistics Office Ireland, emigration to the UK showed a large increases in 2011.

“Staying for good

For Eoin Morgan, it was the lack of language barrier that drew him to Australia.

“Of course the weather doesn’t hurt either,” he says. The chance of getting homesick is also minimal, he explains, because you meet so many other Irish emigrants in the country, adding more to the already significant amount of Australian with an Irish ancestry. There are plenty of opportunities to get together with other Irish expats, and even some chances to enjoy the cuisine of the old country, Eoin Morgan explains.

He has now spent two years down under, and it’s starting to dawn for him that he might not move back to Ireland again.

“When I planned to go here and for the first weeks I lived here, I thought it would be a temporary thing. That was what I had told my parents and my friends, but as you start to settle in, you find out you can easily make a life here, even if it’s so far from home.”

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**Emigration levels are going back to the 1980s**

| Number of people emigrating, now and then: |
|---|---|
| 1987: 40,200 | 2009: 65,100 |
| 1988: 61,100 | 2010: 65,300 |
| 1989: 70,600 | 2011: 76,400 |

Preliminary projections by Ireland’s Central Statistics Office suggests, that the current number of people leaving Ireland mirrors the country’s last big wave of emigration, the late 1980s.

According to the Irish newspaper, *The Independent*, the ‘brain drain’ of the late 1980s’ emigration “sucked the marrow out of Ireland’s social and economic development”. At one stage, as many as 30 percent of all college graduates left Ireland in the 1980s.

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*Photo: Rasmus Bagge Jensen*
Tracking the crisis in Northern Italy

More and more Italians in the north are being affected by the euro crisis. Soup kitchens see an increasing number of Italian citizens, 35 companies close down every day, and suicides related to economic reasons have been common. “This is our worst crisis in Italy since the Second World War” says Carlo Dell’Aringa, professor in economics at Cattolica University of Milan.

BY THOMAS PICKELNER
It is in the middle of rush hour for lunch. 550 hungry souls have come to eat at the soup kitchen Centro Francescano Maria della Passione in Milan. In the kitchen there are four people cooking today’s lunch: Italian pasta with tomato sauce and tuna. The smell is as great as in any restaurant. The moister from boiling pasta is filling the room and making it warm. Sister Rosella, the nun in charge, is a bit stressed as she is showing me around.

“We don’t only give them food, they can also have other stuff here: like medicines or even a simple thing as a charger for their phones. Especially the homeless people are thankful for this,” she points at the chargers and smiles.

The cue to the canteen is going all the way out on the street and there is a great mix of people. I am a bit surprised that most of the people in the cue look “normal”, clean and not affected by drugs or alcohol, as was the case when I previously visited soup kitchens in Sweden.

“Before we had almost only immigrants here, but the number of Italian citizens coming here has increased and this year it combines about 24 percent of our guests” sister Rosella says when we are passing the cue to enter the canteen.

It looks like a school restaurant. The big tables are all occupied and there is a new cue to have the food served by volunteers. Old people, young people, foreigners and Italians. Homeless, unemployed or just low on cash. Some people wearing dirty clothes and even some people wearing suits. The mix is remarkable.

“We also have families with kids coming here. Especially on Sundays when they don’t get food from school” sister Rosella says. But she thinks that it would be even more Italiens and families visiting soup kitchens if they weren’t ashamed of their situation.

“You can see that many Italians are embarrassed by going here. Either they come when we are closing or when the cue is gone. Sometimes the wife comes alone to bring food home to her husband”, she says and adds, “People still feel like keeping their dignity. They don’t ask for help so you have to go out and look for them”.

Send home food
That is something that the Caritas Ambrosiana in Milan does. Caritas is the Catholic aid agency. In the area of Milan they have seen an increase of people contacting them for help. Last February they spent the same amount of money as they did in the whole year of 2010. They have created a fund to help people who lost their jobs and they are also providing different kinds of help for 10,000 new families in the region.

At their office in the center of Milan, I meet Luciano Gualberti, vice president of Caritas Ambrosiana.

“We have started to meet the need for food. So now we send home food packages to poor families,” he says.

He tells me that it is impossible for them to help everyone, but they have developed a network where families help other families in need.

“For example a family that has a better situation at the moment is also buying groceries for the family that needs help.”

He mentions a new kind of poverty that has been hard to reach.

“There are so many people now that have become poor who never could believe that they would end up in a situation like this. So many are having a hard time accepting it. That’s why we try to help them not only with money but also by supporting, for instance, to find a new job” he says.

1.8 million children live in poverty
There are a lot of statistics that show that the people in Italy are getting poorer. Almost 30 percent of the households over five people were at risk of poverty in 2010 according to the latest report from ISTAT. The Italian National Institute of Statistics. Italy has the highest percentage of child poverty in the EU. Close to two million children are living with these conditions according to a report from UNICEF Italy.

The state doesn’t provide much help, dealing with a debt of 120 percent of the GDP. In his simple furnished office at Cattolica University in Milan, professor Carlo Dell’Aringa welcomes me to talk about the crisis.

“Italy is facing many problems. Our growth has not developed in 10 to 15 years. Earnings are at the same level as then, and consumption and unemployment have returned to the level it was 20 years ago,” he says.

School of tension
Two hours east by train from Milan lies the little town of Mantova. A bit out on the countryside I enter a small house of 35-year old teacher Davide Longfils. He lives here with his wife and two sons. He is one of many who are struggling with his income.

“I have four different teaching jobs, I teach 45 hours per week and I work over 12 hours per day. And you know what I earn? 1200 Euros per month” he says.

He tells me that he has a hard time to make it to the end of the month, but he knows he is not the only one.

“I still have a better situation than many people and I can really see the crisis in school. Many students can’t afford to buy books or go on fieldtrips anymore.”

The government has introduced cut backs for schools and Davide barely has any money to buy equipment for the students. But he points out that the crisis doesn’t only have a material effect.

“Today it is a school of tension. The students get the tension from their families back home. They bring it to school and it spreads to other students and teachers. It is a really bad environment to work in,” he says.

Davide has become so tired of the bad environment and the low salaries that he is now considering to quit and totally change his occupation.

“I am trying to find something else, where I can
Northern Italy is getting poorer

Fashion, industries and a high standard of living are a few things that people might say if you ask them to tell about Northern Italy. The divide between the rich north and the poor south has been a part of the country’s history for long time. Statistics now show that the north has been hit harder than the south in many factors as GDP, unemployment and in earnings. For instance, 13 of the 34 regions in the EU, where the GDP per-capita fell by more than 10 percentage points below the EU27 average between 2000-2008 where from northern Italy.

“This has mainly to do with the fact that the main industrial sectors are located in the north and they have been affected hard by the crisis. People in the north are suffering from the crisis more than the south because they were already underdeveloped and the situation was already bad,” says professor Carlo Dell’Aringa. He adds: “The problems in the north are affecting our country’s recovery. Forecasts for 2012 show that the GDP for the whole country probably will fall by around 1.5 percentage points which is the worst in the whole EU.”

35 companies go bankrupt every day

Small and medium sized companies have been the foundation of Italy’s economy. But the are the ones who have been affected most by the crisis. According to a recent report from the association of craftsmen and small businesses, CGIA Mestre, almost 12,000 companies went bankrupt in 2011 with an average of 35 per day.

“These are the worst numbers of the last four years of the severe economic crisis. The credit crunch, delays in payments and the sharp fall in demand are the main reasons,” writes Giuseppe Bortolussi, secretary of the CGIA Mestre, in a press release.

The Veneto region, in northeastern Italy, is one of the areas where industries and companies are suffering the most. Verona, one of the biggest cities in the region, where Romeo found his Juliette, is already crowded with the people committing suicides.

28-year old Alessandro Gennari, together with his brother and a friend, has founded a company that designs clothing. I use my car much less and I can only go out for work less and earn more. I have some ideas, but I need to make a change soon, because with the current situation I don’t have any energy left for my family.”

“Alessandro thinks that his company will survive since they are only three people and that makes them flexible. But he is still worried about the future. “I see shops like mine close down. Some factories where I buy materials have closed down. We still have the same income but the charges and taxes are getting higher all the time and today 56 percent of our income goes to taxes. I am worried for my company but I am also worried that Italy will become the new Greece. That would be the biggest nightmare,” he says.

Many suicides due to crisis

He had written a suicide note to his wife, his friends and the tax agency. In the note to the tax agency the 58-year old Italian builder accused of tax evasion wrote that he always paid his taxes and he asked for forgiveness. He also asked them to leave his wife alone. Then burned himself in his car. The day after a 27-year old Moroccan builder were shouting that he hadn’t been paid for four months, before he also put himself on fire outside the town hall of Verona. They both got saved but the events got a lot of attention in the media of Italy recently.

The problem with suicides and attempts because of economic reasons are increasing. According to CGIA Mestre 187 people killed themselves because of their economic situation in 2010 which is an increase of almost 25 percent since 2008. The amount of suicide attempts increased with 20 percent in the same period. CGIA Mestre also reports that 50,000 persons lost their jobs in 2011 and many of the people committing suicides are employers that can’t handle the pressure of firing their staff.

The organisation has now started a solidarity fund with the aim of avoiding suicides among small entrepreneurs, because it sees saving Italian businesses as the best way to prevent the suicides. In order to do this, professor Carlo Dell’Aringa’s theory is that Italy has to re-structure and invest more in big companies.

“Italy is a place of small companies, an underground economy, and in the past this has been an element of strength since a lot of jobs were created. But globalisation is putting a lot of small firms out of business. Their products and services can’t in a larger extent challenge the increasing competitiveness of the world economy. So Italy needs to transform its industrial sector and aim at bigger companies. I would say that this is our countries biggest challenge at the moment,” he says.

New movement is giving hope

There is no air conditioning in the taxi. The sun is burning outside while the taxi driver is pushing the car to the limit to get on the small road up the hill above the city of Genoa, located in the northwest of Italy. Finally the destination is reached at a big white house with large gates. The famous comedian Beppe Grillo lets us in and takes a seat in his garden, having a view over the ocean and the big port city.

“We thought Berlusconi was the problem but he wasn’t. Berlusconi was only a virus in an already infected system that permits these kind of people to get in. It’s the system that we need to change,” he says.

Beppe Grillo used to be on primetime TV, but he was blacklisted because of his political criticism. Then started a blog to make sure his ideas were still heard and it soon became a success. Now it’s one of the most read blogs in the world and it has also been ranked as one of the most powerful. Today it is the third most visited homepage in Italy after two big newspapers. This became the tool for Beppe Grillo to found the political movement Movimento 5 Stelle in October 2009.

“But I don’t want to be a political leader. This is a movement for the people by the people. I just opened the door for it,” Beppe Grillo says.

Civic lists, groups of citizens who run for local elections were created, so anyone could apply to represent the movement in their cities. The movement controls three things centrally before they get approved as spokes-persons. First that they are living in the city that they want to administer so that they know the problems. Second that they are not registered in another party and the main thing, that they don’t have a criminal record.

“There are too many politicians with a criminal past in Italy. The comedian Beppe Grillo founded an anticorruption movement. Photo: Thomas Pickelner
Michela Toffali is collecting signatures for the Movement in Verona. Photo: Thomas Pickelner

Their election programme focuses on environmental and ecological issues as well as making politics more visible for the people and less corrupt. There is a bunch of people helping Gianni Benciolini to collect signatures this day at the square. One of them is Michela Toffali. She is 33 years old, working with marketing and one of few female activists for Movimento 5 Stelle in Verona. It was also when she recently became a mother that she realized that she wanted to make a change.

“I am fed up as many Italians are. Italy has so many problems and people are getting tired to see that politicians don’t do anything about them,” says Michela Toffali. She got a spark in her eyes and she continues lively.

“You can’t just sit around and complain, you have to do something yourself. In the movement we offer solutions and hope for the people”, she says.

The movement is growing

The movement did surprisingly well in recent elections. The local elections are held in different cities every fifth year. The newly founded Movimento 5 Stelle has participated in elections the last two years and gained 150 seats in 105 municipalities. This has been unexpectedly good results since they are so new, refused to campaign without public funding and was largely ignored by the media.

This year they are hoping to get 300 seats more. Roberto D’Alimonte is a professor of political science at the Luigi Guido Carli University in Rome. He is also a well-known political journalist in Italy. He thinks that the movement will continue to increase at a local level if there is no change in the political establishment.

“They are giving a voice to frustration. The movement preceded the euro crisis but certainly the euro crisis created a mood that benefits them”, he says.

Today the movement has its biggest support in the north of Italy. The big reason is that there is a greater use of internet and the movement is mostly based on the web. Recent surveys show that they would gain between four to seven percent of the votes nationally from both the left and right wings.

“But they can’t aim to rule the country because they don’t want to collaborate with other parties. It is not a part of their DNA since they are anti-government” professor D’Alimonte says and adds,

“As long as they are running alone they will get no influence, they have to make deals”.

Many worried about the future for Italy

Beppe Grillo is just one of many people I met in Italy who draws up a dark future if there is no change.

“We are going to a situation beyond Greece because they have touched the bottom and are now reacting and making a change. We have also touched the bottom but the mass media here does not admit it. They keep saying; “We still see the light, the little light” but this light at the end of the tunnel is a train which is coming at you!” he says with empathy.

Sister Rosella helps out with the cooking. Photo: Thomas Pickelner

“I pray for the crisis to be over”

When some people put their hope in new political movements others rely on religion. The lunch is over in the soup kitchen for today and Sister Rosella helps the volunteers to clean the tables. I ask her what she feels about the future and she looks at me and answers with a mild voice.

“I am worried because there are probably going to be many more Italians coming here and also more foreigners. We can’t help everyone. We are at our limit already. This has also made many of our guests worried since they might not be able to eat here anymore”, she says.

She stops with the cleaning for a while. Her friendly smile has gotten smaller and smaller during our interview.

“i pray for the crisis to be over”
What meets the eye in the economic capital of Italy is fashion and swagger lifestyles. Signs of a financial crisis are hidden. So is 27 percent of the economy. Money that should be paid in terms of taxes slips into the pockets of the Italians’. Italy, which has Europe’s second biggest national debt after Greece, is under economic stagnation and financial crisis. Tax evasion, according to leading economists and Bocconi Professor Carlo Garbarino, is a major reason.

“Tax avoidance must come to an end or it is game over for us,” he says.

Past politicians made empty promises to fight tax evasion. Former Prime Minister Silvio Berlusconi even encouraged people to break the law when he said that tax evasion is morally accepted. However taxation expert Carlo Garbarino and major parts of the Italian population believe that current Government and Prime Minister Mario Monti has what it takes to change the cheating mentality.

“There is a domino effect of the shocking examples Greece and Portugal. We really have to start making consistent and regular controls to not end up like them. Most people agree on that,” says Carlo Garbarino.

One of Europe’s highest tax rates

Italy’s tax wedge (government income on labour taxation) is higher than EU average, 11 percent over normal. And tax rates have steadily increased without any tax-cuts over the last decades. Although some experts disagree, the relationship between high taxes and tax evasion is not clear-cut. Investigative journalist David Cay Johnston recently blogged at Reuters on how the low tax rates in for example the US comes with arising tax evasion.

Carlo Garbarino also believe that blaming the tax cheating on high taxes is like fiddling while Rome burns. The reason for tax evasion is to be found in the economic structure of Italy.

“Italy has no big corporations. Businesses are run by
The extent of Italian tax-cheating

- The government annually loose around 120 billion euro.
- 27% of GDP outlines the shadow economy (non-declared money).
- Tax evasion increases and has five folded compared to the 80's, when tax evasion was only around 5% of GDP.
- Italy is the world's seventh-richest country, but fewer than 800 people declares an income of more than 1 million euro (Economy Minister Giulio Tremonti, 2010).
- 2,806 owners of luxury cars did not declare enough income to afford their vehicles in 2010.
- 60% of Italy's numerous luxury yachts are either owned by people who reported no income, or by shell companies set up in foreign countries.

Source: Istat, OECD, Governo Italiano.

families and friends. People that hardly report on each other,” says Carlo Garbarino.

Tax evasion is cultural
Director of the Regional Revenue Agency, Carlo Palumbo agrees that Italy’s economic structure is the reason.

“Italy is world-famous for the family-culture. Even the corporate world is kept within the family,” he says.

The Revenue Agency operates to increase tax compliance. Lombardia region, with its office in Milan, stands for 25 percent of the collection of evaded tax revenues.

Countries with the same structure as Italy also have high tax evasion. In contrary to small business, the tax compliance is big where business is big. But there are exceptions.

“If you look separately at the self-employment sector, many countries are worse than Italy. Even in Scandinavia,” says Carlo Palumbo.

Denmark is an example. The total shadow economy of Denmark is 17.7 percent of GDP and lower than in Italy. But while separating the industry of self-employed people from the total economy of Denmark - 37 percent of the self-employment field is lost to tax cheating. The explanation is the same as in Italy. Self-employed and small enterprises can more easily get away with avoiding the taxes. The only way to get bigger tax compliance is to change the structure, according to Carlo Palumbo.

“But it can not happen over a night, and we work on a long-term basis,” he says.

Campaigns and advertising are tools used to change the mentality. Since last year the Revenue Agency is taking a much stricter line to reach the enterpriser on a local scale.

Larger exchange of information with the Municipalities makes it possible for the Revenue Agency to compare people’s lifestyles with their declares of incomes and book-keepings. Briefly the information includes registered housing, cars, motorcycles, boats etc. Carlo Palumbo does not want to give further details about the information from the Municipalities.

Ferrari’s are out of fashion
A suspicious target is found through detailed analysing. Accountings and declarations within the same enterprise and geographical area are compared and monitored over a long time. The companies whose incomes stick out from the rest, will be checked in their premises.

Performing the controls are inspectors from the Revenue Agency, INPS (labour market inspection) and civil agents of the Local Police. In some cases, the checks are pure razzias, and where more serious crimes have been committed, the financial police Guardia di Finanza will do the control.

During a control the inspectors check employers registrations and if receipts are handed out. Guests and customers who just left the premises are asked to show their proof of purchase, and if a company is encountered with not handing a receipt more than 4 times in 5 years, they have to close.

Controls aimed at rich individuals take place more spontaneously. Owners of luxurious cars are stopped at the streets, asked for driver’s license and registration. The Revenue Agency then checks if the car owners declare enough incomes to pay for their cars.

Tactics or actual revenues?
The raids are comprising and pricey. Carlo Garbarino along with others doubts the benefits in terms of revenues for the government.

“There is a lot to win if people pick up the paper and see that others got caught for tax evasion.”

Agency director Carlo Palumbo is however certain that the raids cash in revenues. According to recent figures 12.7 billion euro was collected last year, which is an increase of 1.9 billion euro from the year before.

“For every euro we spend, four euro is collected,” says Carlo Palumbo.
MILAN The Revenue Agency performs tax raids to cash in revenues lost to tax cheating. But restaurants are loosing incomes and service when controlled during their prime time.

By: Evelina Bergström

A recent Saturday night in Milan started as usual. Restaurants, nightclubs and bars got ready for the night and guests seated themselves at the dinner tables. Among them, there were also hundreds of inspectors, ready to conduct a raid in order to increase the Italian tax compliance. The raid, Operation Nightlife, was finished at 5 o'clock in the morning. For some, it was time to close down business forever.

Italians are the third worst cheaters in the world, with Brazilians on the second place and Americans at the top. The tax evasion culture have been going on for centuries, and is caused by the economic structure that outlines the nation’s economy; small companies, run by families and friends.

Carlo Palumbo, director of the Revenue Agency is satisfied with Operation Nightlife. The Revenue agency has been collecting revenues and operated to increase tax compliance for ten years. According to Carlo Palumbo their reputation is good, and they are appreciated among the people. “The restaurants are positive towards our work and especially for our professionalism. They are grateful that the cheaters get caught,” he says.

Felt like Big Brother

Positivism is however absent when restaurant owners describes the Revenue Agency and the tax raid. Sergio Ingrilli, Manager at Osteria di Brera, says that two people came in and ordered food like ordinary guests. After a while they announced their errand and what came thereafter was discomfort and irritation.

When his restaurant was raided, Sergio Ingrilli was afraid to loose both on income and service level. Even though he supports attempts to increase tax compliance, he is sceptical about the method the Revenue Agency uses.

Photo: Evelina Bergström
Comparison with Greece: Exposing the evaders to the public

Greece is trying new techniques to tackle tax evasion. Cheaters are identified to the public on an online list.

One of the reasons for Greece’s wounded economy is just like in Italy, the unwillingness to pay taxes. While Italy fights tax evasion through inspections and raids, Greece takes the matter to a different level.

A public name-and-blame list, available for everyone with Internet access is the latest attempt to stop the cheaters. The list includes 4152 persons, responsible for more than 14.875 billion euros in unpaid taxes.

Topping the list is an auditor from Thessaloniki with a debt of 952 million euros. Paying it back will however be difficult since he is serving a 504 years long prison sentence for tax crimes. Legendary Greek singer Tolis Voskopoulos is also on the list.

The list is only in Greek and was proposed by Finance Minister Evangelos Venizelos. It includes 170 pages of well-known businessmen, singers and TV personalities. Ekathimerini an Athens newspaper reported that the

"I felt like I was in Big Brother. While more and more guests attended the restaurant we tried to do our work. But there was somebody in the way overlooking everything we did."

Sergio was afraid to loose both on income and service level. Even though he supports attempts to increase tax compliance, he is sceptical about the method the Revenue Agency uses.

Sergio’s restaurant is the opposite of a stereotypical tax evader company. A businessman started it two years ago and the employees are not family members or old friends.

"A main objective when we started was to keep our finances intact and honest," says Ingrilli.

No random raids

Alfredo Zini, Vice President of the Italian restaurant Union F1PE, supports the raids targeting restaurants, nightclubs and bars.

"Tax evasion is distorting for the competition and honest owners have to pay for what the dishonest avoid," says Alfredo.

Besides working for the union, he runs restaurant Al Trompo. His niece is serving espresso and Cantuccini while his sister sets the tables for the upcoming lunch.

The restaurant is his second home and he has been in the business since childhood. Alfredo is what you could call a stereotypical tax evader, but according to him, he is an exception proving the rule.

He shows me a YouTube clip of a commercial from the Revenue Agency. It starts with pictures of different parasites and their names, and ends with a caption of a dodgy looking man; a tax evader - another parasite of the society.

"If you don’t pay your taxes, it is far enough that you have to shut down your business," he says.

Colleagues of Alfredo feel badly treated and do not like to talk to journalists. According to Alfredo, small owners feel forced to avoid taxes to survive, and therefore they feel unfairly punished by the inspections.

But there are no random raids that intrude the small companies and miss the big betrayers. The Revenue Agency and Carlo Palumbo say that careful planning and long-term analysing lies behind the choice of targets and what restaurants to control.

"It would be ineffective and expensive to make unsystematic controls," dismisses Carlo Palumbo.

Doubled income and illegal workers

When suspecting serious forms of tax cheating, the military graded Finance Police takes care of the raid. Like when souvenir stores recently were controlled in China Town. But normally inspectors come from the local Revenue Agency, INPS labour market inspection and the local police.

‘Operation nightlife’ is so far the biggest raid in Milan and was conducted by 405 inspectors hitting at the same time, to decrease the risk of warnings and gossip within the restaurants. After checking all relevant papers, inspectors stood by the cash machines and investigated the

The results

• 55 irregularities related to receipts were detected.

• Incomes increased with an average of 44%, and in one case 100% compared to previous Saturday.

• 116 illegal workers were working in the premises.

• Some restaurants got penalties, others were left with warnings.

Source: The Revenue Agency Lombardia.

The Guardian also reported that other similar naming and shaming campaigns have been organised in Greece in the past few months. Only to be forgotten soon afterwards.

Results from the Operation Nightlife

A Saturday night in January, 405 inspectors from the Revenue Agency, INPS (labour market inspection) and the local police raided 115 restaurants, nightclubs and bars in Milan.

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• 116 illegal workers were working in the premises.

• Some restaurants got penalties, others were left with warnings.

Source: The Revenue Agency Lombardia.
They speak English in the little Samsung advertisement pavilion box in the entrance of the Milan Central Train Station. The snobbishness and lack of helpfulness of the staff is best compared with the high-end fashion staff label stores in the inner city. Obviously, they think Samsung sells just as easy as Versace, Etro and Gucci. A simple question for direction in the Train Station is answered with disdain.

“The entrance is right there and I don’t know anything else,” says the clerk from Samsung as he shuts the door to the all glass advertisement box. He quickly returns to standing around doing nothing as before.

On one of the four levels of the Milan Central Train Station an official rushes through the corridor.

“A demonstration here? No – there is no demonstration here and also no strike . . . . today,” he adds before he again rushes on. The only light in the dull corridor stems from neon lights, the contrast to the bright sunshine outside could not be bigger.

The search for the demonstration of fired Trenitalia workers, as the national train company is called, takes a first stop at the end of platform number 21. Here two men sit behind a desk with banners surrounding the desk in screaming signal colors, yellow and red are the predominating.

The setting draws memories of old Italian movies, where a political party is trying to recruit new members.

The demonstrating workers in Milan are a part of 800 former Trenitalia in all of Italy. They were laid off in December last year and since then they have been demonstrating to get their work back. 160 workers were fired alone in Milan. The workers were all employed with the night trains going out of Milan to the south of Italy and the rest of Europe. Rationalizations meant that the sleeping trains to southern Italy were taken out of service. Train-conductors, drivers and cleaners were laid off.

**Just a fore post**

The two men behind the humble desk seem to be the only demonstrators left of the fired Milan workers.

One of the men behind the desk is 31-year-old Claudio Odierna. He started working as a conductor on the night trains of Trenitalia when he was 20 years old.

“We are sitting here to inform the public of our situation and to receive donations. The rest of us are out in the camp between the tracks,” explains Claudio Odierna.

He offers your Euroviews reporter to visit the camp. Claudio Odierna leads the way away from the station building and public toilets. A hidden corner 40 meters after the toilets seem to be the real toilet of the whole station. The stench of urine bides in our nostrils. A moment after we leave the arch halls of the station and a fresh smell of a warm spring wind accompanied by sunshine reliefs our senses. A look over the shoulder does not reveal any railway officials trying to stop our endeavor to the clearly off limits area on the railway tracks.

We walk around 100 meters on the tracks before we approach a shady looking platform. Foundation stones form a primitive, but solid stairway up to the one-meter high platform.

Another banner welcomes us to the demonstration camp.

“I came here from Naples to get my job 11 years ago. Naples is good for holiday but there is no work there, that was why I moved away,” says Claudio as we walk towards the camp.

**Did you learn English in school in Naples?**

“No I learned nothing in school. I taught myself English later. In the school in Naples there was too much noise from the other children to learn anything at all,” Claudio says and smiles mildly, while shaking his head.

**Well-arranged camp**

The first family tent appears on the platform followed by a bigger homemade eating tent. After that there is a very big kitchen tent located and to the back of the kitchen tent there are more family tents. At a first glance it looks like a township in South Africa or favelas.

The Demonstration camp is located at an old platform between the tracks. The yellow banners reveal it.

The real Italy waits at the end of platform number 21

**MILAN Fired railway workers keep demonstrating to get their work back. They have no intention of giving up their struggle.**

**BY JESPER ERNLUND Lassen**

They speak English in the little Samsung advertisement pavilion box in the entrance of the Milan Central Train Station. The snobbishness and lack of helpfulness of the staff is best compared with the high-end fashion staff label stores in the inner city. Obviously, they think Samsung sells just as easy as Versace, Etro and Gucci. A simple question for direction in the Train Station is answered with disdain.
In a poor area of Brazil but the inside of the kitchen is well equipped with gas stoves, water and dry foods like pasta, beans, lenses, herbs and everything needed for cooking genuine Italian food. The smell of wine sauce fills the whole kitchen. Carmine Rotatore is one of the 40 to 60 men in the camp this late morning.

The 45-year-old man has been working as a conductor in the nights trains of Trentinlia for 22 years.

“I think we are reaching higher by living here as a way of telling people what happened to us,” says Carmine Rotatore. The expression in his face shows that this demonstration is not an easy one.

“It is difficult to get sleep because it is very noisy with trains going by all the time. That makes living here stressful. And it is very hard to maintain a good hygiene,” says Rotatore, who looks very well groomed.

“We use cleaning tissues for our hygiene,” he adds quickly.

Indeed the small packages of wet tissues are found nearly in every free spot in the camp.

**Living in the tower**

Carmine Rotatore holds a kind of record between the demonstrators. Next to the camp there is a high tower where he has lived for 50 days without leaving the tower at any time.

Up there it is tight and cold in addition to all the other discomforts down here,” says Carmine Rotatore, who looks a bit happier to be living in the basecamp. “Two other men are living up in the tower now,” says Claudio, who has been translating everything Carmine Rotatore said.

“No, you can not come up in the tower. The police have put up cameras to monitor that we get more people up there,” explains Claudio Odierna. He discusses the matter with Carmine and some of the other men.

“If you do it quickly you can get up in to the tower and meet the guys up there but you have to do it quickly so that no one sees you,” says Claudio to your Euroviews reporter.

The climb into the tower is nothing for people suffering of acrophobia, the all-metal tower offers only limited security against a fall. On the main tower platform the two current inhabitants of the tower wait. Stanislav Focarelli, 37, and Rocco Minutulo, 28, have been living in the tower for 24 and 49 days.

Rocco Minutulo,28, and Stanislav Focarelli,37, have been living in the tower for 24 and 49 days. Photo: Jesper Ernlund Lassen

Back in the basecamp the atmosphere is a totally different one. The lunch menu of scrambled eggs with ham and the creamed wine sauce with shrimps turns out to be the sugo for the pasta that now is boiling in another pot.

“Do you want to stay for lunch,” says Claudio Odierna as he organizes the arrangements for lunch. At the same time two insulating boxes with more warm food arrive.

“The mayor of Milan sends food for us everyday,” says 32-year-old Sebastiano Piemontese.

“He should rather do something so that we get our job back,” adds Claudio Odierna.

“But he did come here to visit us,” replies Sebastiano Piemontese.

Lunch the Italian way starts in the eating tent. Red wine in big used water bottles is passed around. No one should believe that this is a demonstration, there is laughter and joy in the tent. Sebastiano Piemontese tells his story, while he eats his penne with pesto that the mayor of Milan sent.

“This can not be true” was the first thing I thought when I was fired. I was simply in shock. Getting fired was simply not possible. I always saw my job as totally secure,” he says while sipping the red wine out of the plastic cup.

“I moved here to Milan to work from Syracuse on Sicily,” explains 32-year-old Sebastiano Piemontese. The pictures on his smartphone reveal a life with a work with a glamorous side that used to take him to both Vienna and Paris on a regular basis.

“I’m lucky. I’m one of the twenty, who were rehired for regional routes by Trentinlia,” says Sebastiano Piemontese and smiles a bit embarrassed but happy.

“I will begin in April so I still want to be here to support the others until then,” he says.

Negotiations between Trentinlia and the union of the fired led to the rehiring of the twenty workers.

“We have a good union and I hope they will get the others a work too,” says Sebastiano Piemontese.

The pasta dishes have been eaten up around the big table and fruit is now passed around.

Do you always eat so good as this?“ Chlaudio Odierna looks surprised about the question from the other side of the table.

“This is nothing. Every Sunday we have a real meal together and you should have seen the feast meal we had at Christmas,” says Claudio Odierna proudly.

In the kitchen tent coffee is already brewing. Two news teams from television have arrived and some of the men rush to of different sides of the platform for interviews. Half full cups of coffee as small as shot glasses make the sound followed by an open baker bag with donuts cut into small pieces.

From the tower Stanislav Focarelli watches the news teams and his mood does not look any bit improved.

The mood of the two differs entirely from the men living in the tent. The two men seem irritated and very determinate.

“I only live here to protest it’s not for fun that we are up her,” says Rocco Minutulo, who does not even wait to accept the chance that he might not get his job back.

“I am sure we will get our job back that is the only solution and I’m not thinking about any thing else. We will stay here until we get it back, no matter how long it will take,” says Rocco Minutulo.

The two platform where Stanislav Focarelli sleeps is entirely covered with plastic and insulated with polymer. This sunny day the air is like in a greenhouse. There is only a hole that makes out a window where the men pull up their food and other necessities in a bucket attached to a rope. A camping toilet takes up nearly a quarter of the space and a mini tent takes up the rest of the platform. Merely a very path is left empty. Rocco Minutulo sleeps on an even higher and smaller platform in the tower.

Other obligations like his girlfriend and their common rent does not occupy his mind.

“I’m not thinking about how to pay the rent or money. Only about getting my job back. My girlfriend understands me. I think we will get our job back in June then there will come a new train schedule,” says Rocco Minutulo but his facial expression looks as if he does not even believe it himself.

The atmosphere hits another low as your reporter by mistake disturbs the tower order and two mobile phones nearly make a fall through the grid of the tower floor.

**Food from the mayor**

Food from the mayor

Back in the basecamp the atmosphere is a totally different one. The lunch menu of scrambled eggs with ham and the creamed wine sauce with shrimps turns out to be the sugo for the pasta that now is boiling in another pot.

**Laundry**

Carmine Rotatore

Carmine Rotatore is one of the 40 to 60 men in the tent camp. The two men seem irritated and very determinate.

“I only live here to protest it’s not for fun that we are up here,” says Rocco Minutulo, who does not even wait to accept the chance that he might not get his job back.
“We need to stand together for the country and for Europe”

MILAN The debt crisis is ravaging Italy with the Italian government launching austerity measures and at the same time the Italian banks are holding back with lending. This has consequences both for small companies and families.

BY JESPER ERNLUND LASSEN

It is late evening as Dr. Massimo Poggipollini welcomes Euroviews at his apartment in Northern Milan. He holds a doctorate in economic history but currently works with organizing the Milan Furniture Fair. Even on a Sunday he has been working into the late evening. There is a lot of work with fair less than a month away.

The hospitality in Dr. Massimo Poggipollinis apartment is genuinely Italian. It looks like the bar food that is served in the inner city of Milan to make customers buy more drinks. On the table are sausages from Sardinia, ring crackers from Perugia along side olives, potato chips and other delicious snacks. And there is abbey beer to accompany the food on the table.

And to a surprise, it is not a Belgian abbey beer that comes to the table.

“The Franciscan monastery right here out side town, that is where this abbey beer comes from,” explains Dr. Massimo Poggipollini visibly proud of the Italian products on the table.

Borrowing opportunities

As the heavy and alcohol strong beer settles in the glass, Dr. Massimo Poggipollini tells what the current problems with the crisis are in his opinion.

“We have a debt problem, but right now I see one of the key things is the fact, that small businesses cannot get loans from the banks and this gives these businesses problems,” says Dr. Massimo Poggipollini, who also states that this is not just an Italian problem, but also a pan European problem.

And there is a call for action.

“The politicians must be serious and we must demand that they secure the future for the small companies,” says Dr. Massimo Poggipollini.

Dr. Massimo Poggipollini also sees another problem for the small Italian companies.

“The big companies here in Italy mainly export to markets outside the EU, that are not so affected by the crisis. But the small companies, who mainly rely on the European export market, are suffering from a lack of demand from these countries,” says Dr. Massimo Poggipollini.

Demographic effects

That the current debt crisis has a big affect on younger people and even demographic effects is like a chain reaction.

“It is hard for young people to find a permanent job and this can end up having in tremendous consequences.

“Especially young academics have a big problem with finding permanent jobs. This has the consequence that they cannot buy themselves an apartment and they end up staying at home with their parents. Many of these younger people then postpone having children and this has a demographic effect on an already ageing population,” explains Dr. Massimo Poggipollini and continues with the historic bound explanation.

“The reason is that Italians own their own homes and 70 percent of the population are homeowners. It is a tradition because renting is so expensive,” says Dr. Massimo Poggipollini.

That younger people take the consequence of this, is clear for the expert.

“We need to stop national egotism – this is worse than any nationalism.”

While the prospects for the debt crisis look shady and long lasting, the Italian doctor is much more optimistic.

“When I was twenty, there was a chance for a nuclear war. Seen in that perspective the current debt crisis is not so bad. We have to work through it as well as we can. I think if you and I meet here in two to three years, we will be talking about entirely different things,” says Poggipollini.

Most of the Italian specialties have eaten up and the big bottle of abbey beer is empty.

“Solo prodotto Italiano” only made in Italy was on Dr. Poggipollinis tables this evening. This abbey beer is produced by Franciscan monks at a monastery right outside Milan.

A true united Europe

That the debt crisis not only is an Italian problem but also a problem for the rest of Europe is an important point for Dr. Massimo Poggipollini.

“In times like this, the EU has to stand united. If one nations economy is sick, so are the others. We need to stand for the country and for Europe,” says Poggipollini.

The calls from German tabloids to let Greece go bankrupt, harvest a clear rejection.

“We need to stop national egotism – this is worse than any nationalism.”

Dr. Poggipollini hopes that the debt crisis will be over in a couple of years.

Photo: Jesper Ernlund Lassen
South Tyrol defies the crisis

BOLZANO Where Italy’s economy is experiencing hard times, the Italian province of South Tyrol is still booming. Part of its success lies in the focus on small and medium scale businesses as well as in its far going autonomy. Yet, the small region cannot escape from Italy’s problems, fuelling new demands for even more independence from Italy.

BY TIM HERSEVOORT
Struggle for Autonomy

South Tyrol has also always profited from its location in the wealthy northern part of Italy, surrounded by other rich European countries and regions as Austria, Switzerland and the southern part of Germany. But maybe even more important for its success, says Dr. Alex Weissensee, assistant professor at the School of Economics and Management at the Free University of Bolzano, is its stable government. Even since the first election of the Provincial Council in 1948 the region has been ruled by an absolute majority of the Südtiroler Volkspartei (SVP), or South Tyrolian People’s Party. And ever since 1960 the region has only known two presidents: Silvius Magrano and Luis Durwalder.

“This stable and big party government speeded up decision making in the region, especially compared to the rest of Italy,” says Weissensee. Since the end of the Second World War the country has had more than 60 different governments. But the region hasn’t always been thriving. In fact, it knows a troubled history: In the 1920s, after the Italian annexation, the Fascist government started its process of Italianization of the province with a list of 32 measures to be taken. Among others, most German schools were closed, Italian immigrants were encouraged to move to the region and Italian became the exclusive language in public offices. Even the German name Südtirol became forbidden, as well as the newspaper Der Tiroler.

After the Second World War the Committee for the liberation of South Tyrol (Befreiungsausschuss Südtirol), or BAS, even committed terrorism. First this was limited to destroying electricity pylons during the infamous Night of Fire (Feueracht), but later resulting in a number of deaths of both members of the BAS as well as Italian policemen and soldiers. After international pressure by among others the United Nations, the conflict was settled. And from 1972 to 1992, the region was granted far more autonomy.

“Back then, from around a 100 provinces in Italy, we were ranked 92,” says president Durwalder. “We were poor and we had a large number of unemployment. But after the autonomy, we couldn’t just complain that it was going so bad. We couldn’t just complain that things weren’t functioning, without actually taking up the responsibility to make them function.”

Today, among others, South Tyrol pays for its own education, university and health care. It can do so because its autonomy grants it to pass a predefined 10 percent of the taxes collected in the region, creating an incentive for people to pay them (something which isn’t always the case in Italy) and to be politically active. Professor Weissensee:

“If people see that money pay in taxes is spent on certain projects in the region, they can think about if they support these projects, and then vote for different parties with different ideas.”

Italy’s austerity measures

But despite how well South Tyrol might be doing, being the region with a population of just 500.000 can’t escape the economic turmoil in large Italy. It is expected to pay 120 million euros extra to the central government in Rome, which under the new prime minister Mario Monti has started trying to get its economy back in order. This money comes on top of South Tyrol’s annual contribution of 300 million euros, it’s predefined 10 per cent which it pays every year to Rome.

According to Durwalder, the government claims the extra money is a specific expenditure and thus doesn’t qualify under the 10 percent, something he fiercely disagrees with. Yet, the chances of the new contribution being blocked are slim, meaning that also South Tyrol will have to increase several taxes, as well as being hit by the central government’s austerity measures like raising the pension age.

On the terrace of restaurant Oberhauser, right in the center of the village of Terlano, vice-mayor of the municipality Inge Clementi is enjoying a café lungo in the sun when she is joined by mayor Klaus Runer. Terlano is a municipality with around 4200 inhabitants, consisting of the villages Terlano, Vilpiano and Settecuche. Together, mayor and vice-mayor explain the consequences of the upcoming new measures for their community.

“This year we will have to pay a lot more money to Rome,” says Clementi, “and that will stay so.” Terlano is expected to contribute 800.000 euros extra to the central government in Rome, on top of their regular budget of 800.000 euros to spend in the municipality. Runer: “With other words, our costs have simply doubled.”

When it comes to talking about what this means for the small village, both politicians pause.

“The money will have to come from the people,” says Clementi. “And that means we will have to raise taxes or make other cuts.” He sighs. “But we don’t know where to get it from exactly yet.”

Back in Vilpiano, hotel manager Sparer isn’t in fear of the crisis yet. As long as his clients have internet, he reasons, it won’t only be the Italians but also the Dutch, Germans and other nationalities who will go on holiday in South Tyrol. But when it comes to the likely increase in taxes for hotels, he is a bit more skeptical and fears some clients might go to neighboring Austria instead.

“Who knows if they will,” he says, “because I will have to pass an increase in taxes on to my clients. Look, my business clients will still come here, because their apartments in South Tyrol. But leisure travelers are free to go where they want, and could indeed go in my case in Austria.”

Next to this particular tax increase, real estate and income taxes will also likely be increased. But one increase in taxes that will really hit the South Tyrolean people hard, according to professor Weissensee, is the increase in value added tax. “Especially the families with a low income will suffer most by the rise in prices,” says Weissensee.

The increase in all these taxes might even have a more
devastating effect on South Tyrol. According to Weissensteiner, people are going to be motivated to buy goods and services across the border, for example in Austria, which is just a short drive away. This means that the money these people spend will flow out of the region, costing South Tyrol a lot of income.

“Take for example gas companies,” says Weissensteiner. “The prices here are now already around 1.80, 1.90 euros per liter, compared to 1.30 or 1.40 in Austria. If the prices will rise even farther because of taxes, people will drive to Austria to get their gas.”

Demands for more self determination

The drastic economic measures being taken in well fairing South Tyrol to combat Italy’s crisis have sparked a small growth in the support for South Tyrol’s freedom parties. In March, The Libertarians (Die Freiheitlichen) presented a draft constitution for complete independence, which would have to come into existence after passing a referendum. And the South Tyrolean Freedom (Süd-Tiroler Freiheit) party, which advocates reunification with Austria, has seen a record high membership since the beginning of this year.

But most South Tyroleans still see either of these options as unwanted. As does president Durnwalder, who realizes that his province will have to play its part in helping Italy back up its feet.

“When the body is sick, then the arm, the foot and the nose will have to contribute to making it healthy again,” he says.

Yet, cunning Durnwalder realizes that the situation presents South Tyrol with an opportunity to obtain long wanted new autonomy. Self-determination in the fields of among others the postal service, the police and taxes are long wanted wishes of the president. And in return for the extra contribution he would like to see some of these wishes granted.

“Look at the post,” he says. “We are a mountainous region, and the state says that there need to be so and so many people living in a village for it to have its own postal office. But a postal office according to us is part of the quality of life, also in small villages.”

Durnwalder doubts whether the call for more autonomy will be heard in Rome though, knowing his province is small compared to Italy and its 60 million inhabitants. Still, Durnwalder has faith in prime minister Mario Monti when it comes to handling the crisis. He feels Monti is telling people the truth. That Italy is sick. And that when it doesn’t take its medicine, consisting of paying taxes and austerity measures, it could die.

“Berlusconi never told people this truth,” he says, “but it needs to be said.”

For South Tyrol though, this truth has always been evident. Never spending more than it earned, keeping its balance in check and making the best of its hard gained autonomy. Now, the province is to some extent paying the price of Italy’s faults. And although somewhat reluctant, faced with calls for full independence, South Tyrol is willing to do so.

“You can’t move borders anymore these days in Europe. We need to phase out borders, not move them or make new ones with our own state.”

*All cities and villages in South Tyrol are addressed by their Italian name, unless stated differently in the text.*
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