

## FORWARD

Greece has played an unfortunate pioneering role in contemporary debates and discourses about neoliberalism, marketization and the modern role and nature of the State. This paper aims to justify why the loan agreements that successive since 2010 Greek governments signed with Troika are unsuccessful and detrimental to people in Greece and Europe. This argument is based on various statistical evidence and indicators of health, living and working conditions scattered on contemporary social and economic research about Greece. The significant impact of implemented economic and social policies since 2010 policies put at risk basic human rights and affects broader social and workforce groups, even if the most vulnerable groups of the population are in greater need of care and policy attention.

The paper's departure point of analysis is in line with the UN Human Rights approach: ***the enjoyment of basic human rights (may) takes priority over States' responsibility to repay their debt obligations, particularly when these payments further limit the ability of States to fulfil their human rights obligations***<sup>1</sup>. The realization of basic human rights has been put at serious risk and the Greek State has ignored human rights obligations in order to meet repayment commitments to Troika, international and domestic creditors and potential financial investors. Unfortunately dramatic cuts in public spending have resulted among others in widespread restructuring exercises of public services and the welfare state.

The magnitude and scale of reforms in Greece make extremely hard the task to write something about such a fast moving, diffuse, ongoing and unpredictable, as historically pivotal as the upsurge of economic and social crisis in Greece in the last four years. For this reason the report is ongoing project and its aim is to make the reader search for injustices around Greece, to get him outraged about what is happening in order to move him into action. The review of the catastrophe that follows helps the reader understand the human hardship caused by the current and previous political parties that ruled the country since May 2010, when the first loan agreement with Troika was concluded.

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<sup>1</sup> [http://www2.ohchr.org/english/bodies/hrcouncil/docs/11session/A.HRC.11.10\\_en.pdf](http://www2.ohchr.org/english/bodies/hrcouncil/docs/11session/A.HRC.11.10_en.pdf)

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## 1. Introduction

Since May 2010, Eurozone states and the IMF advanced loan agreements jointly with the successive Greek governments. In exchange for the support mechanism, it was agreed that the EC, the ECB and the IMF (generally known as 'Troika'<sup>2</sup>) would prepare and oversee a programme of austerity coupled with structural reforms of the Greek economy, aiming to bring the deficit to 3 per cent of GDP within three years. But as it is stated in a recent (June 2013) IMF evaluation report, a deeper-than-expected recession and slippages in the implementation of fiscal measures will once again complicate attainment of the ambitious deficit reduction targets.

According to Greer and Doellgast (2011) marketization, defined as the introduction or intensification of price-based competition that implies in turn a change in the characteristics of transactions, includes a wide range of marketization phenomena, such as outsourcing, privatization, active labor market policies and the increasingly free movement of goods, services, capital, and labor across border, the rollback in social protections. These phenomena are observed with greater intensity in Greece since the arrival of IMF and Troika undermining economic, political, and symbolic or ideological forms of power that organized groups in civil society have mobilized in the past to challenge the further expansion of markets.

Memorandum agreements and consequent austerity policies lead to increased marketization dynamics and provide different tensions and problems mainly for workers (and ironically also for various groups of employers) and the State. Internal devaluation policies challenge not only individual workers and their families, but also small employers<sup>3</sup>. For example, according to earlier projections by the GSEVEE Institute for Small Enterprises (IME-GSEVEE) in July 2011, about 183,000 companies were planning to close their operations in the immediate future, putting at risk almost 250.000 jobs (IME-GSEVEE, 2011).

More dramatically and as a consequence of imposed wage/ pension cuts and rising unemployment and poverty levels, schools demand for social services has expanded.

Not surprisingly, hospitals and other social protection services are struggling to operate due to ongoing budget cuts and organisational restructuring measures<sup>4</sup>.

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<sup>2</sup> The acronym of Troika implies the three institutional actors that signed the loan agreements with the Greek government. Namely, those actors are: European Commission (EC) on behalf of the European Union, the European Central Bank (ECB) and the International Monetary Fund, (IMF). Paradoxically, even if Troika has no proper legal entity it has the power to impose rules and conditions in national governments.

<sup>3</sup> See <http://www.imerisia.gr/article.asp?catid=26519&subid=2&pubid=112778841>

<sup>4</sup> For example the Government recently (10 April 2013) announced a plan to make redundant 15,000 public servants by 2014, while greater reductions in the number of public sector workers are planned according to the third memorandum agreement and the scheduled privatisation plans.

In parallel to those changes in public sector, the dynamics of labour market deregulation have become stronger to the extent that the industrial relations landscape in private sector after the memorandum agreement resembles that of laissez-faire environment, in which transactions between private parties are almost free from state intervention, including labour law regulations, social security taxes and trade union influence.

In this framework, the Greek State in the post-Troika era has to elaborate devices that deal with the problems and outcomes of a more precarious and diversely de-standardised workforce, and remakes its intervention and policy in the face of this. The idea that the Greek State is fundamentally focused on abstention and policing the edges and main victims of de-standardisation and austerity misses the point. As Crouch (2010) has argued, the State in a liberal market economy (Greece has got into that stage step by step since 2010) is active on various fronts but whereas this may be partly deliberate it may also be increasingly reactive in dealing with the contradictions and outcomes of de-standardisation and austerity in social and political terms. The State is forced to address the issues and problems that emerge from various outcomes and tensions within the process of neoliberal restructuring and work precariousness, but in doing so, in the case of post-Troika Greece, it has maintained a minimal and symbolic approach to regulation and offset this with increasingly coercive social and policing policies.

In light of those negative developments the study of the Greek case is important because it is fair to say that key policy exponents in Greece and abroad see employment de-standardisation and welfare state retrenchment as positive virtues leading to debt reduction and economic stability. In this context, all troubled economies across Europe have to follow the Greek example and this is actually happening across many European countries.

Further, Greek case is important, because in the rising wave of contention generated by neoliberal restructuring, the processes of marketisation and labour code re-regulation negate the possibilities for 'facilitation' of open democracy and policy transparency mechanisms and encourage instead state strategies of labour marginalisation and even repression of collective labour. As such the legal and social order of Greece and Europe is directly threatened by the austerity and the neo-colonial debt resolution mechanisms imposed by Troika and the successive Greek governments since 2010.

The report is divided into five parts. It starts with an outline of the relatively de-regulated and neo-liberal economic, welfare state and industrial relations environment established after the conclusion of consecutive loan agreements with Troika. There are different contours and competing views, which provide us with a non-standard experience of de-standardisation and deregulation long before the

current crisis. Secondly, we focus on how marketization dynamics lead to and provide different tensions and problems for workers, and ironically also for the State. Part three discusses labour market policy reforms and respective threats to employment and workers' right. Part four examines welfare provisions and reforms in the post-Troika era. Part four and five focus on the impact of respective reforms in the field of education, health and wellbeing of the population. Finally part six includes conclusions.

## **2. Greek sovereign debt crisis: Views, Patterns and Characteristics**

Over last four years, Greece has been "rescued" on countless occasions. The country has become almost a byword for "structural adjustment" and drastic labour market reforms across Europe. Financial support from the Troika and especially the IMF has been conditional on reductions in public deficits and public spending, initiating drastic labour market reform and a welfare state retrenchment unprecedented in the post war period (Hall, 2011). Structural reforms and labour market restructuring policies have been undertaken in line with the loan agreements based on the Troika's premise that labour market regulation and social protection in Greece constituted a significant barrier to growth and a main driver of public debt (Koukiadaki and Kretsos, 2012).

Employment protection in Greece has traditionally been considered by militant employer think tanks and right wing or/and pseudo-social democratic parties as a major obstacle to structural change and the liberalization of domestic markets, while the opposition of labour and social movements was accused of restricting the State's ability to implement the necessary and appropriate structural changes in the economy. In this context, labour movement and the supporting institutional framework (including the conciliation and arbitration mechanism, the system of centralised wage determination, the legal restrictions in overtime rules and shopping hours, etc.) were perceived by organic intellectuals as responsible for the low competitiveness of the Greek economy. According to this perspective, workers' rights inhibit business innovation and promote the expansion of an already oversized, unproductive and bureaucratic public sector. Not surprisingly, the conclusion of the national general collective agreement has been challenged seriously since 2004 by certain employer associations, such as those in the banking sector or manufacturing who tried to undermine or avoid the process of collective bargaining.

In line to domestic groups of interests, international agents and global proponents of laissez-faire approaches and structural economic adjustment programmes, such as the IMF, the OECD and the European World Bank, also accused employment and social protection. They all have, long before the crisis, urged Greek governments to promote structural reforms, especially in the labour market and the pension system, to overcome Greece's certain institutional rigidities and inefficiencies.

For example according to OECD studies, Greece had some of the strictest employment protection legislation (EPL) amongst the OECD countries. Advocates of marketization and flexible labour markets over-interpreted the significance of relevant OECD studies and IMF reports without any acknowledgement of the shortcomings of EPL index as a conceptual and explanatory device of labour market situation especially in countries as Greece, where informal and undeclared work has traditional strong footholds across the economy. For example the following table indicates that Greece and Germany, the two main pillars of the ongoing crisis in Eurozone, share same experience concerning EPL changes since 1990s.

**Table 1: Employment Protection Legislation Index across OECD countries, 1990-2008**

	1990	1998	2003	2008
Australia	0.9	1.2	1.2	1.38
Austria	2.2	2.2	1.9	2.41
Belgium	3.2	2.2	2.2	2.61
Canada	0.8	0.8	0.8	1.02
Denmark	2.3	1.4	1.4	1.91
Finland	2.3	2.1	2	2.29
France	2.7	3	3	3
<b>Germany</b>	<b>3.2</b>	<b>2.5</b>	<b>2.2</b>	<b>2.63</b>
<b>Greece</b>	<b>3.6</b>	<b>3.5</b>	<b>2.8</b>	<b>2.97</b>
Hungary	..	1.3	1.5	2.11
Ireland	0.9	0.9	1.1	1.39
Italy	3.6	2.7	1.9	2.58
Japan	2.1	2	1.8	1.73
Netherlands	2.7	2.1	2.1	2.23
Portugal	4.1	3.7	3.5	2.84
Spain	3.8	2.9	3.1	3.11
Sweden	3.5	2.2	2.2	2.06
Turkey	..	3.8	3.7	3.46
United Kingdom	0.6	0.6	0.7	1.09

Source: OECD Employment Protection Indicators Database.

Nevertheless, Greek and German economy faced different set of challenges with the outbreak of the economic crisis. In essence, EPL index and in general employment protection have nothing really to do with the levels of economic performance and especially the respective trends in public debt and deficit. Despite this, the alleged overprotection of Greek workers by labour law provided a prime opportunity for the national economic and political elites to push a programme of labour law reform justified by the goal of economic 'modernisation' during 1990s.

This notion of economic modernisation was crystallised in the completion of certain 'national' achievements and policy reforms including the improvement of public infrastructure through EU funded projects and loans from international creditors; the opening of product markets to international competition; financial deregulation and speculative activity that boosted the Athens stock market to unprecedented heights; and radical labour market reforms. The entry of Greece into the Eurozone in 2001 and the hosting of the Athens 2004 Olympics Games facilitated the promotion of economic modernisation dogma.

As Tsakalotos (2010: 4) has argued the advocates of economic modernization ideas, having large appeal in voters from all political sides and especially the centre-left and the centre-right, tried to capitalise their ideological hegemony by constructing not only their own worldview, but also that of the opposition. Cultural critiques and social anthropological analyses were provided as explanations concerning the negative attitudes and resistance towards structural reforms in the economy and the labour law framework. According to this view, Greece suffered from what La Spina & Sciortino (1993: 219-22) considered as the 'Mediterranean Syndrome'; a low administrative capacity for policy implementation, linking non-compliance with particular institutional and cultural deficiencies.

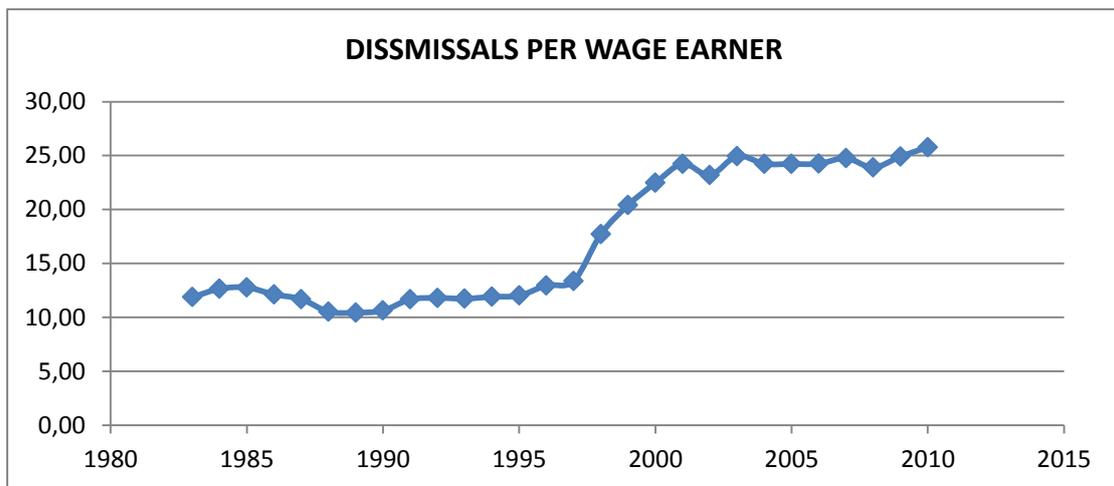
Nevertheless, since early 1990s significant changes in labour law took place (Ochel and Rohwer, 2009) to the extent that cultural critiques and '*we are all part in this*' arguments<sup>5</sup> are inappropriate to explain the basic causes of the weaknesses of the Greek economy and the emergence of the current crisis in 2010. Such narratives hide on purpose a basic truth; Greece had implemented key aspects of the neoliberal economic project since the mid-90s and the Greek labour market had not been so rigid and heavily regulated as the domestic and international supporters of structural reforms claimed it.

A good indicator of the flexibility in the Greek labour market is the ability of employers to follow a hire and fire policy without delays and associated costs. The following diagrams strikes any doubt about the ability of employers to do so, as the recruitments to dismissal ratio follow a systematic downward trend. The graphs indicate a very high turnover ratio, which is partly responsible for a series of negative features of the Greek labour market. Low productivity, low rates of innovation, extremely low rates of actual on job training and re-training may be mentioned among others.

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<sup>5</sup> The vice-president of the Greek government stated emphatically in the Parliament in 2010 and at the outbreak of the crisis that both society and politicians are responsible to the same extent for the country's economic failure ('we were all part of it'). According to his view this exchange of gifts and clientelistic mentality (votes to politicians in exchange of public sector jobs) resulted in the establishment of an unproductive and bureaucratic public administration and powerful trade union elites that blocked the reform capacity of the State to implement significant regulatory changes.

**Diagram 1: Dismissals rate, 1980-2010**



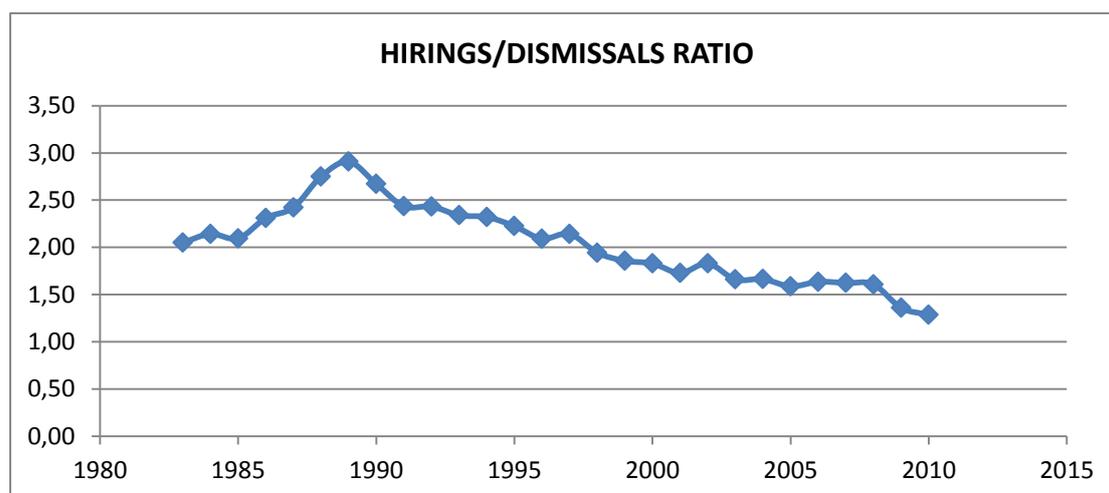
Source: Dedousopoulos (2013)

**Diagram 2: Recruitment rate, 1980-2010**



Source: Dedousopoulos (2013)

**Diagram 3: Recruitment/ Dismissals ratio, 1980-2010**



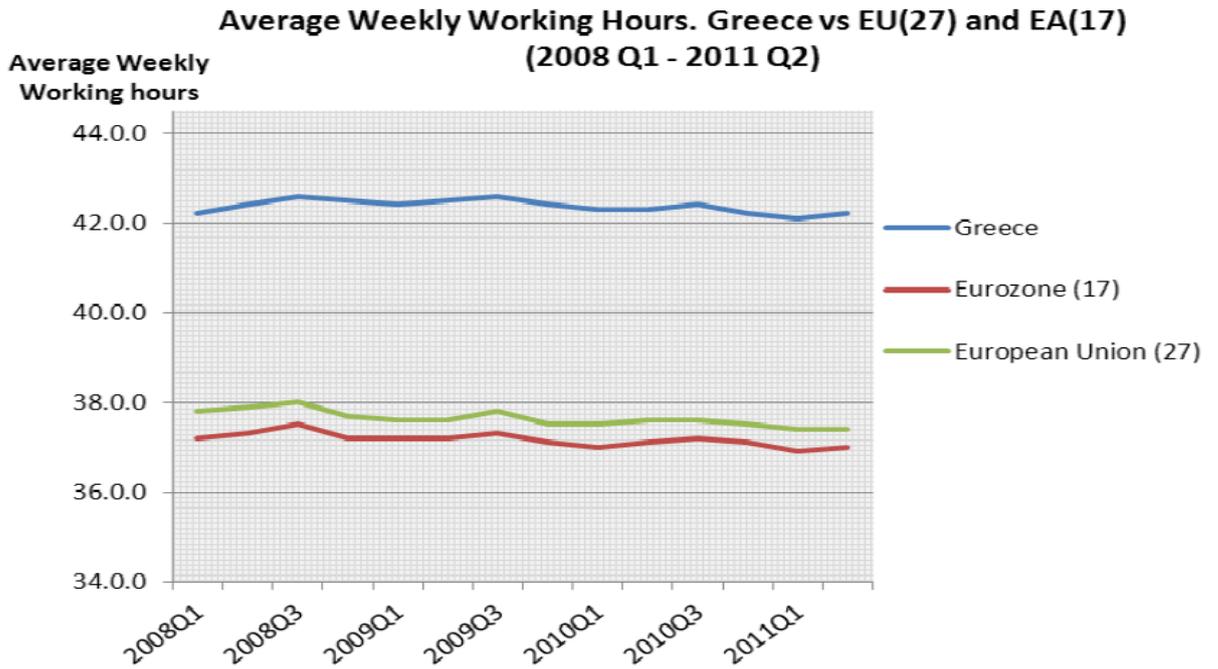
Source: Dedousopoulos (2013)

As Dedousopoulos (2013) argues since 1997 there has been a rapid change in labour protection. After 1997 and within a 5 years period dismissals climbed up steadily and as a consequence the probability for a wage earner to be dismissed during a year had been raised from 13% to 25%. That is, on the average, a quarter of all wage earners lost their job within a year as soon as in the 2001. In essence job insecurity and the easiness of employers to make redundancies had been established in the Greek labour market long before the legislation adopted because of the upsurge of the current economic crisis.

Labour market flexibility was central point of reference of the policy agenda of all governments from the 1990 onwards (Kouzis, 2010; Tsakalotos, 2010) to the extent that industrial relations in Greece before the crisis could be considered as highly structured and collectivized, but not always formal. A growing and significant part of the workforce remained underpaid to meet the rising costs of living and was left outside of any sense of protection by the national regulatory framework of employment. Further, the limited compliance of employers to labour law and the inability of the State to control undeclared work were highlighted in many studies (Evans *et al.*, 2001; Kapsalis, 2013; Kouzis, 2007, 2009; Kretsos, 2004). Livanos (2010) in turn has found that wage flexibility was widespread in the Greek labour market contrary to OECD arguments.

In a similar vein, the myth of overpaid, lazy rich early pensioners or overprotected Greek workers is not justified by various statistical data. For example according to Eurostat and the Labour Force Survey series Greeks used to, and they still do, work longer hours than their European counterparts.

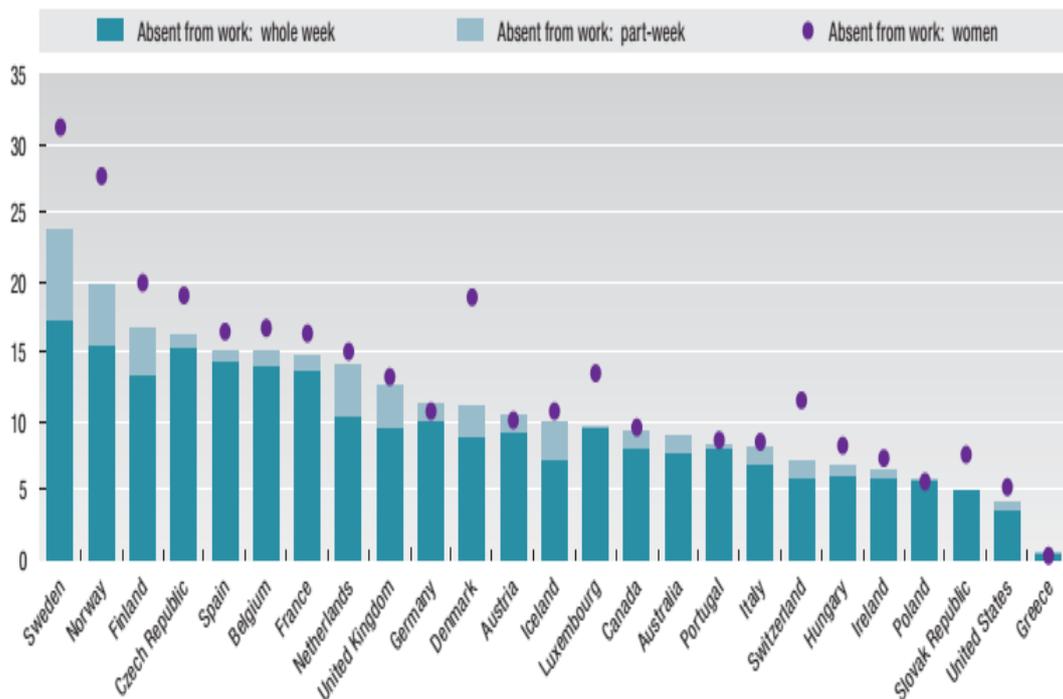
Diagram 4: Average Weekly Hours in Greece and the EU, 2008-2011



Source: Eurostat

In a similar vein, Greek workers have enjoyed lower levels of absenteeism and fewer opportunities to skip work.

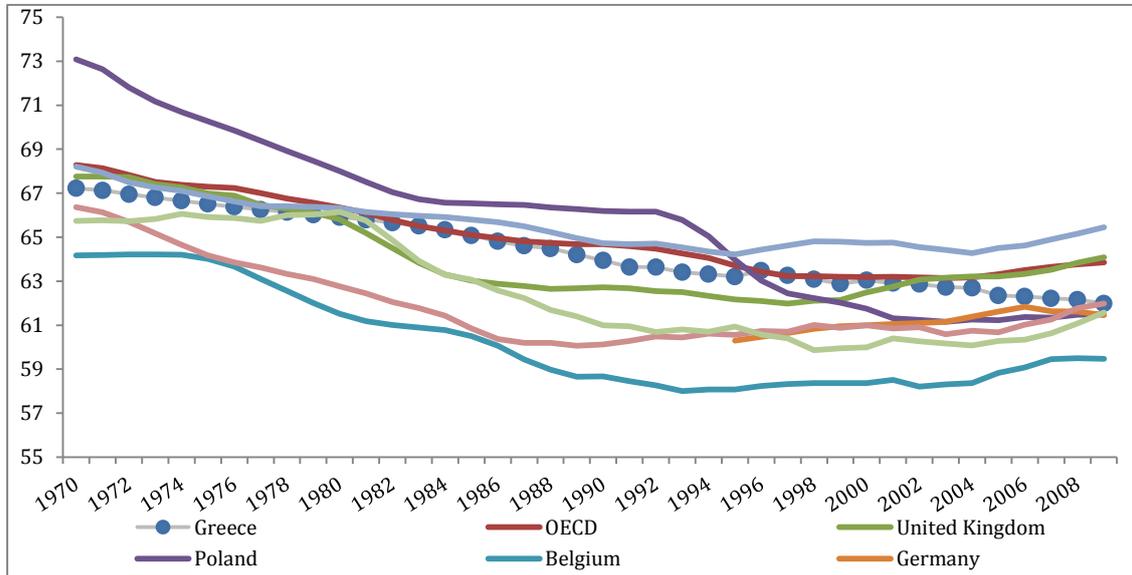
Diagram 5: Work Absenteeism levels in Europe, 2012



Source: Tzannatos (2013)

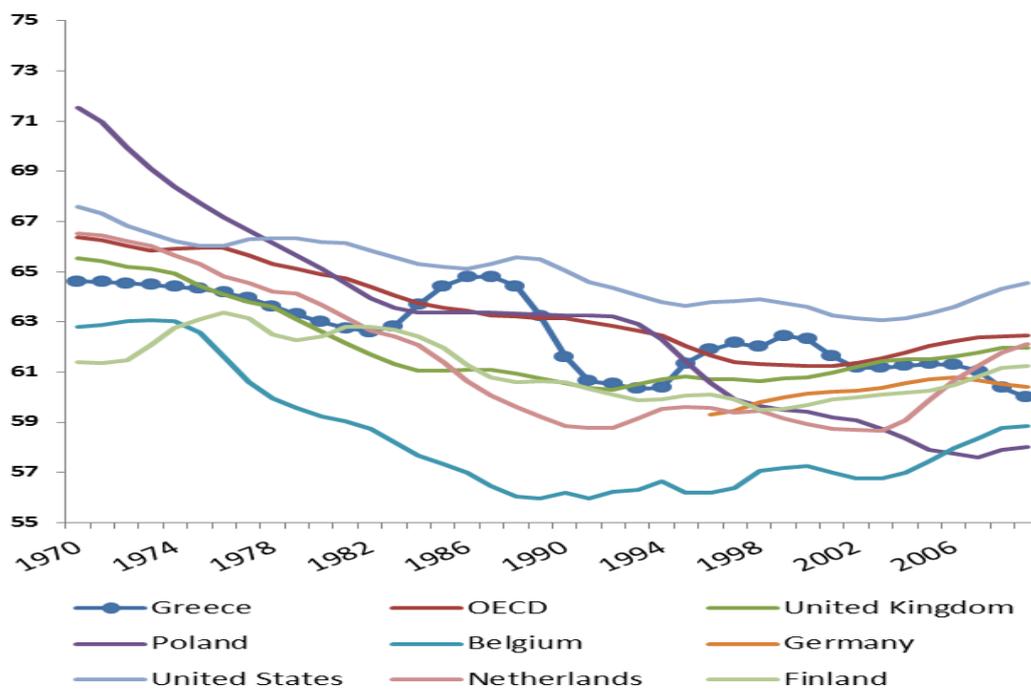
Further, the average age of effective retirement indicate that Greeks either do not retire earlier than many other Europeans or when they do the difference is not greater than 3 years on average.

**Diagram 6: Average effective age of retirement, Men – OECD 1970-2009**



Source: OECD

**Diagram 7: Average effective age of retirement, Women – OECD 1970-2009**



Source: OECD

**Table 2: Average effective age of retirement versus the official age, 2006-2011<sup>a</sup>**

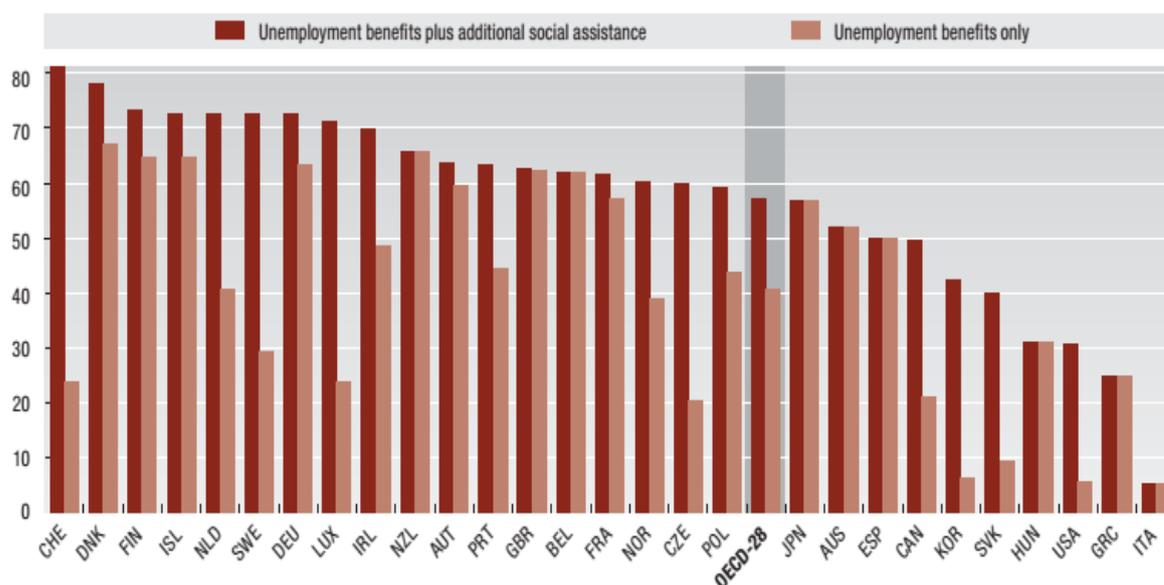
	Men		Women		
	Effective (↘)	Official <sup>b</sup>	Effective (↘)	Official <sup>b</sup>	
Mexico	71,5	65	Turkey	70,4	58
Korea	71,4	60	Mexico	70,1	65
Japan	69,3	64	Korea	69,9	60
Iceland	68,2	67	Chile	68,1	60
Chile	68,1	65	Japan	66,7	62
Israel	67,7	67	New Zealand	65,7	65
Sweden	66,3	65	Iceland	65,7	67
Portugal	66,2	65	Portugal	65,1	65
New Zealand	65,9	65	United States	64,8	66
Switzerland	65,5	65	Sweden	64,4	65
United States	65,2	66	Norway	64,3	67
Australia	65,2	65	Israel	64,1	62
Estonia	64,5	63	Switzerland	64,1	64
Norway	64,2	67	Ireland	63,5	66
Canada	63,8	65	Spain	63,4	65
United Kingdom	63,6	65	Australia	62,9	64
Netherlands	63,6	65	Estonia	62,6	61
Denmark	63,5	65	Canada	62,5	65
Turkey	63,5	60	United Kingdom	62,3	60,7
Ireland	63,3	66	Netherlands	62,0	65
Czech Republic	62,6	62,3	Finland	62,0	65
Spain	62,3	65	Germany	61,4	65
Germany	61,9	65	Denmark	61,4	65
<b>Greece</b>	<b>61,8</b>	<b>65</b>	<b>Greece</b>	<b>59,9</b>	<b>62</b>
Finland	61,8	65	France <sup>c</sup>	59,5	60
Slovenia	61,7	63	Poland	59,4	60
Poland	61,5	65	Italy <sup>c</sup>	59,2	60
Italy	60,8	65	Czech Republic	59,1	61
Slovak Republic	60,4	62	Belgium <sup>c</sup>	59,0	65
Austria	60,4	65	Hungary	58,9	63
Hungary	60,4	63	Luxembourg	58,6	65
Belgium	59,6	65	Austria	58,4	60
France	59,1	60	Slovenia	58,0	61
Luxembourg	58,0	65	Slovak Republic	57,7	62
<b>OECD-34 average</b>	<b>63,9</b>	<b>64,4</b>	<b>OECD-34 average</b>	<b>62,8</b>	<b>63,1</b>

Source: OECD estimates derived from the European and national labour force surveys.

*Notes:* The **average effective age of retirement** is calculated as a weighted average of (net) withdrawals from the labour market at different ages over a 5-year period for workers initially aged 40 and over. In order to abstract from compositional effects in the age structure of the population, labour force withdrawals are estimated based on changes in labour force participation rates rather than labour force levels. These changes are calculated for each (synthetic) cohort divided into 5-year age groups. The estimates shown in red are less reliable as they have been derived from interpolations of census data rather than from annual labour force surveys.

Finally, unemployment benefits in Greece are among the lowest across the OECD area and less than a third of unemployed have access to them.

**Diagram 8: Unemployment Benefits across OECD (2006)**



OECD (2006), *Society at a glance: OECD Social Indicators*.

To summarise, Greek labour market was already flexible enough before the unfortunate developments initiated in 2010. Therefore, if there was a need to change something that was definitely in the direction of introducing more regulation and not the opposite. This is partly related not to the absence of regulations or collective bargaining mechanisms, but to the much evident inability of Labour Inspectorate mechanisms to deal with the widespread symptoms of employers' lack of compliance to labour law. Yet in Greece we have seen a phase of restructuring (early 1990s) and then re-segmentation of the labour force (mid 2000s) lead to a more intensive level of work and surveillance within 'stable' environment which are less amenable to fragmentation – and hence the emphasis on internal competitive fragmentation.

Nevertheless the dramatic changes in workers' perceptions of job security and satisfaction since the first stages of the economic crisis in 2008 are noticeable in this respect. Indicative to this is a survey of the Greek Trade Union Congress (ΓΣΕΕ) in June 2008. The survey found that 75% of employees, including public servants who enjoyed a more or less permanent job status, declared that they feel great insecurity about their future work prospects. Similarly other surveys including those of Quality of Life in Europe survey, Eurobarometer and European Foundation for the Improvement of Living and Working Conditions have documented the gradual worsening of living and working conditions among various groups of the workforce, such as migrant, young and female workers long before the crisis.

Special attention should be paid on the form of immigration in Greece in the past twenty years. The disorganised nature of immigration in most cases brought forth challenges and 'opportunities' for employers. These began to develop a much more systematic approach to this new reserve army of labour in terms of direct control which in some cases had a pre-capitalist set of characteristics as was visible in terms of gang-masters for example and the use of undocumented workers<sup>6</sup>.

Besides, Greece had long time before the crisis among the largest underground economy across 21 OECD countries. For example, between 1999-2001, the rate of undeclared work stood at 30% of GDP (Schneider and Enste, 2000 and 2002). In a similar vein, other scholars has argued that the underground economy is as high as 28.2% of the Greek GDP compared to the OECD average being 16.3% (Katsios, 2006). In all relevant studies it is highlighted that informal work constitutes a defining feature of the Greek employment system, setting Greece apart from the OECD and the more advanced developed economies. This development is strongly related to the severe limitations in enforcing labour law mentioned earlier.

Current economic crisis and the subsequent commitments agreed by the Greek governments to the numerous rescue plans for the economy have made stronger the dynamics of anti-union and de-regulatory change. The measures proclaimed by the initial and consequent loan agreements stipulated among others wage cuts, pay freezes, massive dismissals in the public sector, restructuring of public enterprises, lower minimum wages for young workers and increases in retirement age thresholds. Few months later from the first loan agreement, the Greek government introduced further dramatic labour market reforms by forcing the decentralization of collective bargaining and the relaxation of restrictions in the number of collective dismissals at company level. Accordingly, an immediate realignment of the minimum wage level determined by the national general collective agreement was introduced by 22 % at all levels based on seniority, marital status and daily/monthly wages.<sup>7</sup> A further 10% decline for youth, which applies generally without any restrictive conditions (under the age of 25) was stipulated as well,<sup>8</sup> and with respect to apprentices, the minimum wage now stands at 68% of the level determined by the national agreement.<sup>9</sup> The freeze of minimum wage levels was also prescribed until the end of the program period.

Once more austerity and neoliberalism enthusiasts trumpeted that certain workers' benefits is a proven fact and a reason to slash government spending and deficits right away even in the face of rising mass unemployment. No doubt, this is a situation where the therapy kills the patient, because simply the diagnosis of the problems of the Greek economy was wrong. Or to put it different there is no need to

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<sup>6</sup>The recent violent incidence in the strawberry farms in the area of Manolada is indicative of this condition. <http://www.guardian.co.uk/world/feedarticle/10752109>

<sup>7</sup> Art 1(1) of Act 6 of 28.2.2012 of the Ministerial Council. The lowest minimum wage is set at €586.

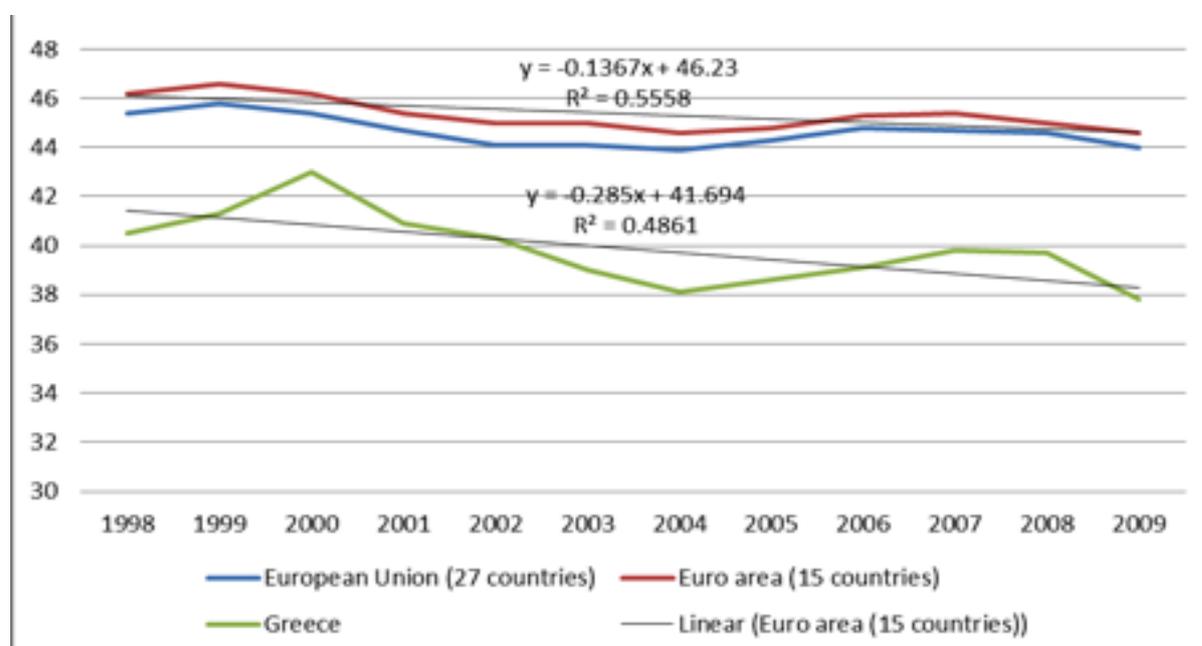
<sup>8</sup> Art 1(1) of Act 6 of 28.2.2012 of the Ministerial Council.

<sup>9</sup> On the basis of an amendment of art 74(9) of Act 3863/2010.

worry about the answers you get when you ask people the wrong questions. For more than a decade now, the Annual Outlook series for Employment and the Economy, prepared by the Labour Institute of Greek Trade Union Congress (INE/ΓΣΕΕ-ΑΔΕΔΥ), had highlighted that wages and social security expenditures were not the drivers of the twin problem of high public debt and deficit.

Other issues instead were more critical and important. For example, the mismanagement of public economics, the lack of productive investments and the inability of the Greek State to deal with the dynamics of corporate tax evasion were among others the main drivers of the economic unsustainability in Greece. The diagram below is indicative and much alarming regarding the long-term inability of the Greek State to increase public revenues.

**Diagram 9: Public Revenues in Greece and the EU, 1998-2009**



Source: Eurostat

This inability of increasing public revenues and collecting taxes is the product of a political decision and hegemonic status not to tax rich people (e.g. the notable example of Greek shipping industry) by imposing Daedalus regressive tax policies to the rest population groups. This development does not come out of a vacuum and it is associated to other stylized facts that frame our sense of injustice on Greek and EU politics. More specifically, the rising levels of public deficit and debt emerged out of a period of high economic growth rates, in historical terms, from 1994 up to the onset of the crisis in 2008<sup>10</sup>. The accumulative increase in GDP between 1994-2008 was almost 61% (Λάσκος & Τσακαλώτος, 2012).

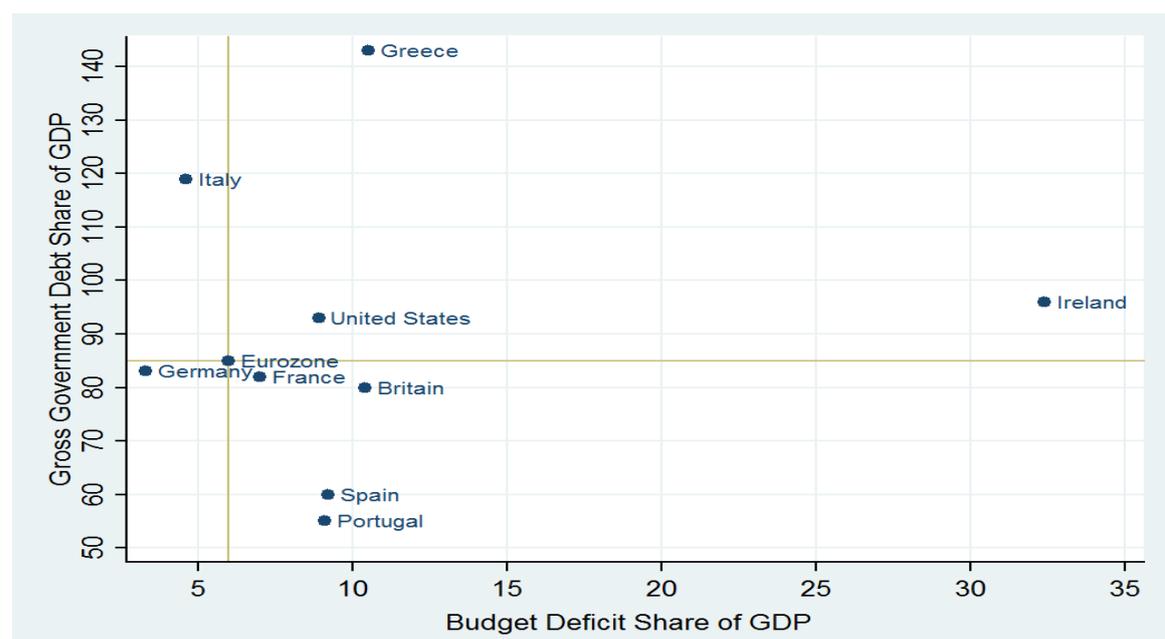
Further, over this period, corporate profits increased to levels approaching those of the early seventies, while the share of national income accruing to wages has

<sup>10</sup> Only Ireland had higher levels of GDP growth in Greece between 1994-2008.

continuously declined since 1996 (Kouzis, 2011). Scandalous is also the fact that the proportions of taxes paid on income by employed and retired persons was more or less the same as the average for the EU-25 area (35.1% in 2007 and 36.4% in 2006), while the tax rate on corporate profits in Greece was almost half that of the EU-25 (15.9% compared to 33.0%) (INE/ GSEE-ADEDY, 2010). Those frames of social injustice became more evident with the outbreak of the crisis and the sweeping austerity measures implemented.

In any case, the Troika reforms have resulted in the almost full commodification of labour and the upsurge of a serious humanitarian crisis in the streets of Athens (Kentikelenis *et al.* 2011). As elsewhere in the past (Jamaica, Mexico, Latin American and many African countries) the therapy proved more dangerous than the disease and it has now start killing the patient (Karamessini, 2011). This unfortunate development is not only related to the false mechanisms chosen to make Greek debt viable and affordable<sup>11</sup>, but also to the nature and characteristics of the Greek debt crisis.

**Diagram 10: Budget Deficit and Debt to GDP**



More specifically the Greek crisis is **ongoing** and perhaps long lasting or even permanent<sup>12</sup>, as long as the same style policies are implemented. There is not a definite end to this painful journey of austerity and country's economic surveillance by supranational financial institutions. IMF admitted recently that its economic

<sup>11</sup> The nominal Greek GDP declined from €231 billion in 2009 to an estimated €195 billions in 2012, i.e. 15.6% (EL.STAT.).

<sup>12</sup> <http://www.bbc.co.uk/news/world-europe-14972539>

torture of Greece was, at least partly, wrong. This was not of course the first time that forecasts by Troika actors were at least overoptimistic and misleading in their predictions. Nevertheless, Troika continues to tighten the screws among ordinary people and small businesses despite the fact that economic recession is still here along with all its negative features, such as disinvestment, falling public and private consumption expenditures to name a few.

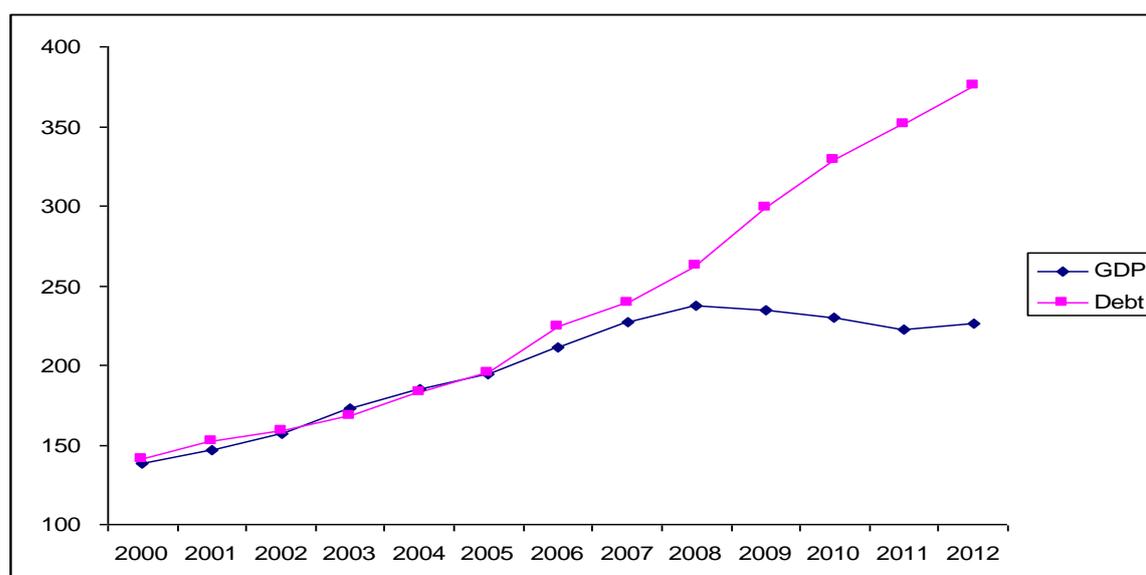
**Table 3: False predictions and forecasts on Greek debt/ GDP changes**

	FORECASTS			ACTUAL FIGURES
	AUTUMN 2010	INTERIM 2012	SPRING 2013	
GDP RATE OF GROWTH				
2010	-4,2			-4,9
2011	-3,0			-7,1
2012	1,2	-4,7		-6,4
2013		0,0	-4,2	
2014			0,6	
UNEMPLOYMENT RATE				
2010	12,5			14,2
2011	15,0			20,7
2012	15,2	19,7		26,0
2013		19,6	27,0	
2014			26,0	
BUDGET DEFICIT				
2010	-9,6			-10,7
2011	-7,5			-9,5
2012	-7,6	-7,3		-10,0
2013		-8,4	-3,8	
2014			-2,6	

Source: EC DG Economic and Affairs, European Economic Forecasts

Perhaps, there is no better sign of the false and inaccurate narratives of success and optimism by the government, other than the dynamism of debt.

**Diagram 11: Debt Growth in Greece, 2000-2012**



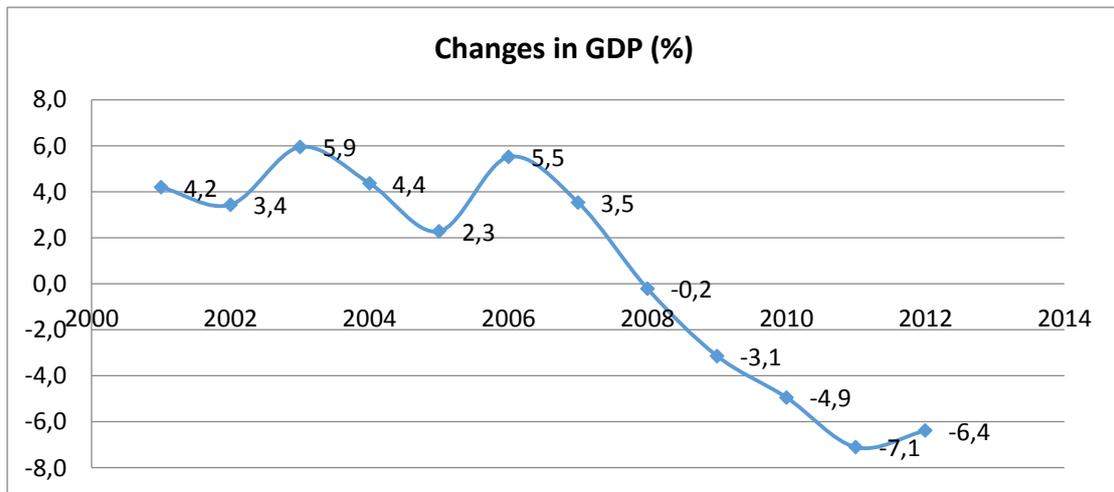
Source: Eurostat

Respective trends in a number of significant macroeconomic indicators explain the behaviour of debt in Greece after the loan agreements with Troika. According to recent study by the Greek Parliament up to the end of 2013 Greek economy will have contracted by at least 25% since 2007. This development practically means that Greece is deep into recession having actually the 3<sup>rd</sup> biggest ever recession in the last 100 years and the most vicious recessionary episode in terms of its durations.

**Diagram 12: Targets of the Greek Programme of Economic Adjustment**

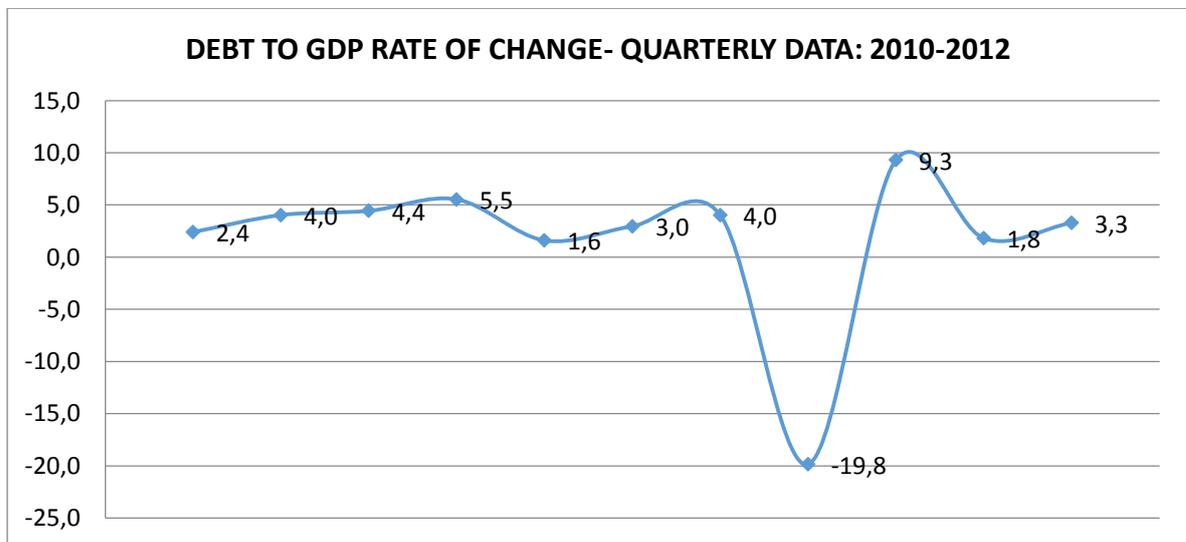
Expected assistance and debt/deficit reduction from the various adjustment programs			
2010 (Actual) – 2020 (Forecast)			
	2010	Assistance 2010-2020	2020
<b>Debt</b>	€329 bl	€110 bl EC/ECB/IMF agreed in May 2010	€300 bl
	145% GDP	€109 bl EC/ECB/IMF agreed in July 2011	120% GDP
<b>Deficit</b>	11% GDP	€30 bl EU direct contribution agreed in Oct 2011	<b>Less than</b> 3% GDP
		€106 bl PSI 53% haircut, agreed in Feb 2012	
		<b>€355 bl TOTAL</b>	

**Diagram 13: GDP Growth (%), 2001-2012**



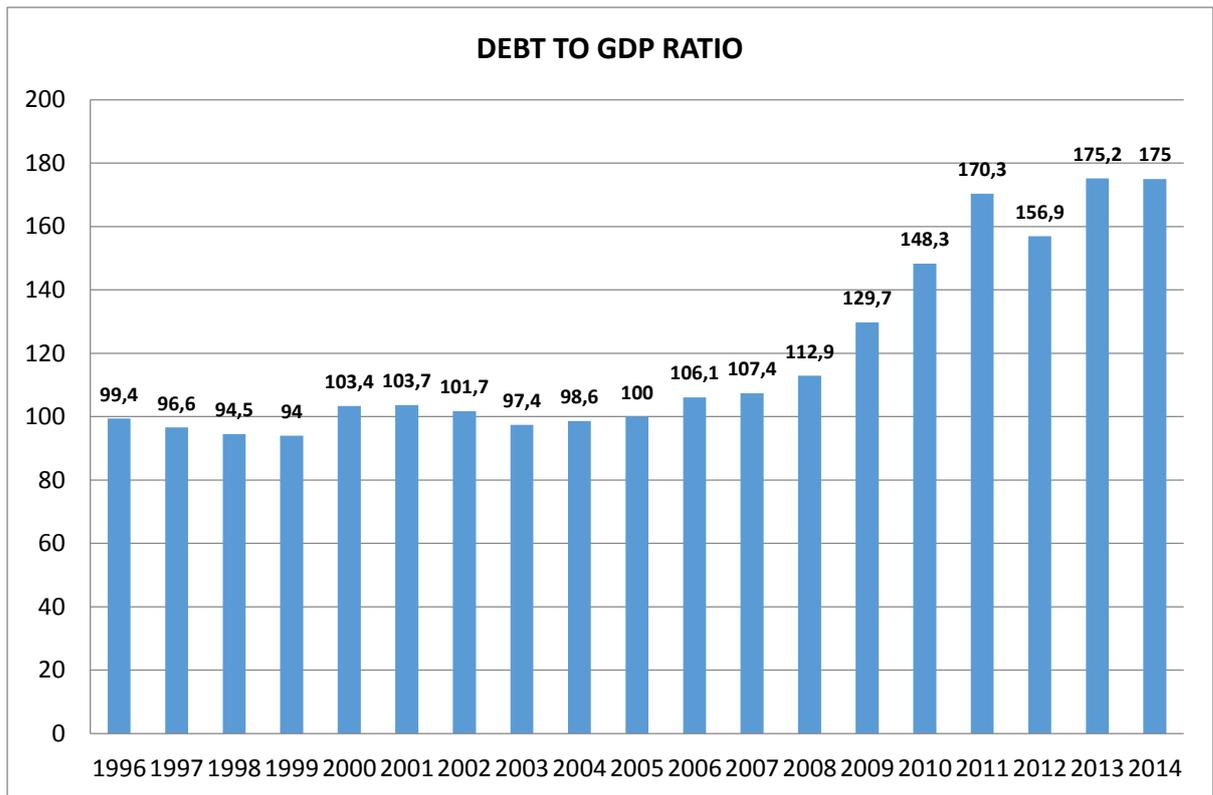
Source: EL.STAT.

**Diagram 14: Debt to GDP Growth rate of change, 2001-2012**



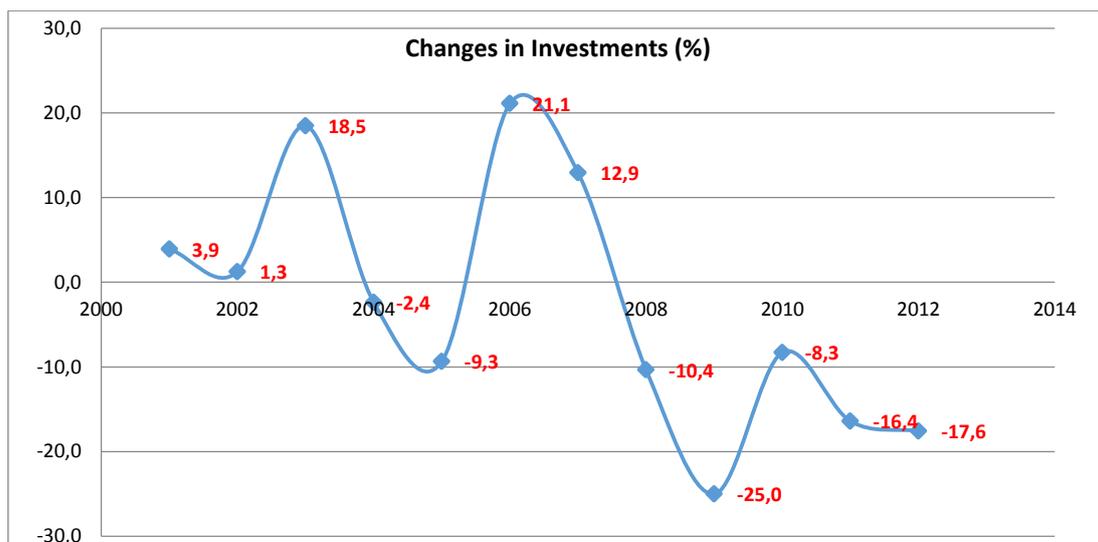
Source: EL.STAT.

**Diagram 15: Debt to GDP Growth Ratio, 1996-2014**



Source: EUROSTAT. 2013-4 forecast by EC DG Economic and Affairs, *European Economic Forecasts*, 2013

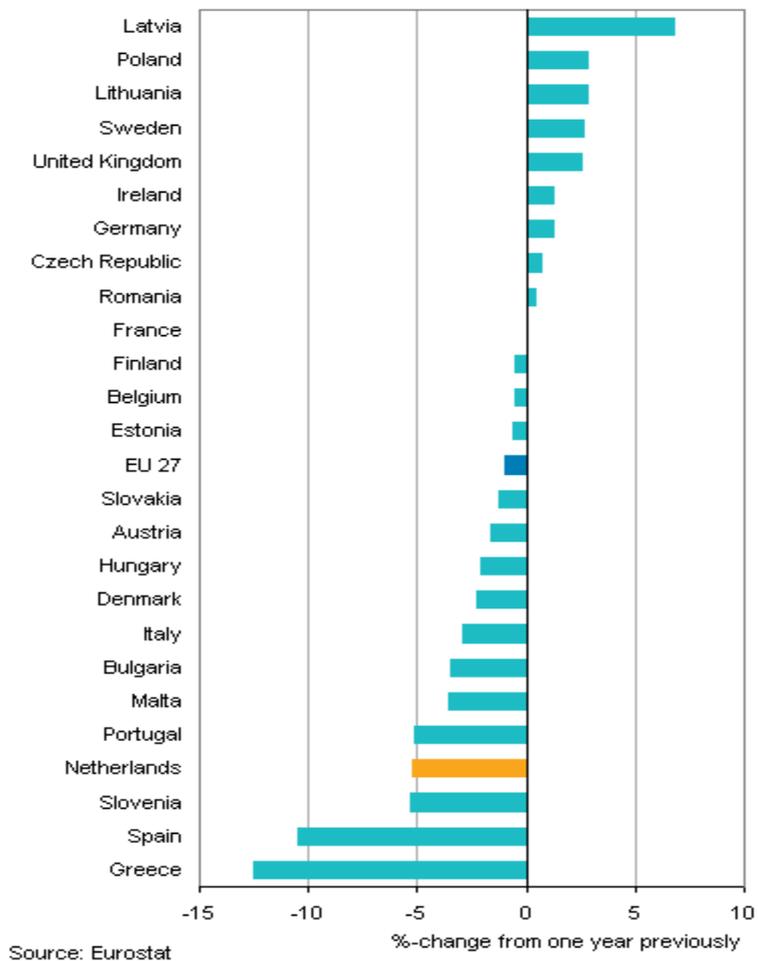
**Diagram 16: Investments rate (%), 2001-2012**



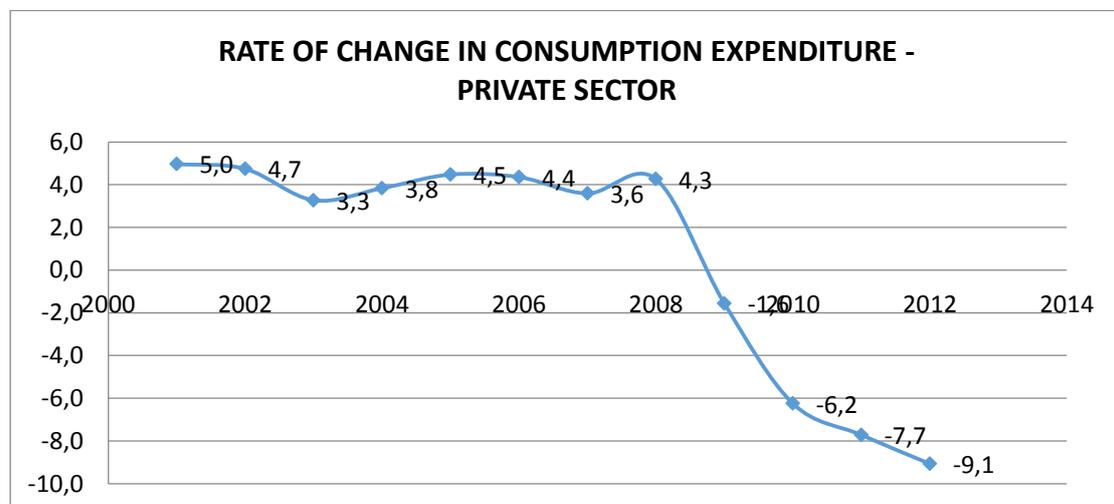
Source: EL.STAT.

**Diagram 17: Volume of Retail Sales in EU, 2013**

Volume of retail sales in EU (countries with available data), 1st quarter 2013

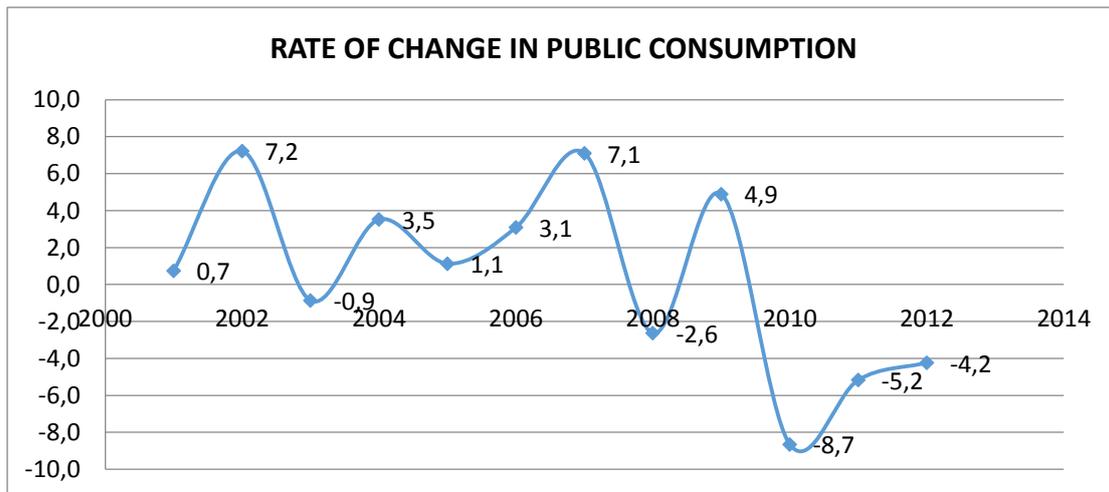


**Diagram 18: Rate of change in Consumption/ Private Expenditure, 2001-2012**



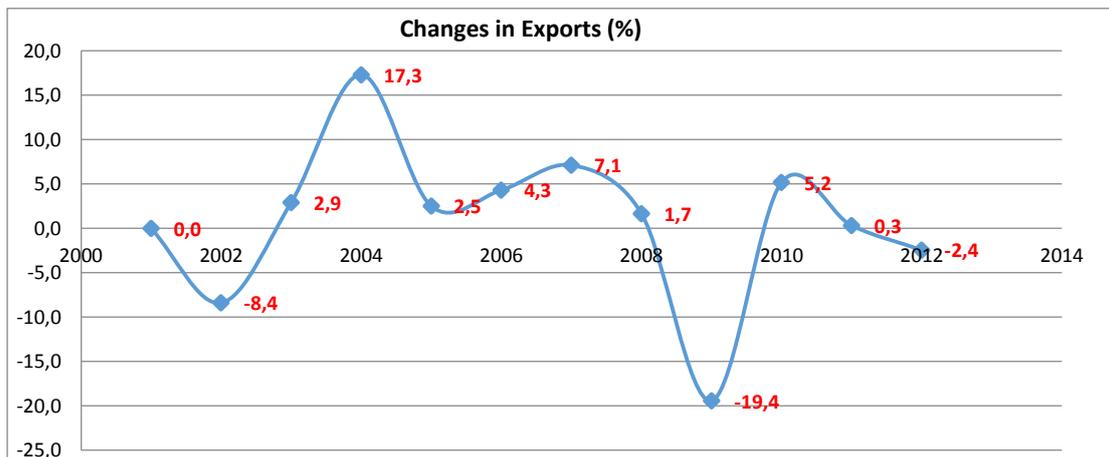
Source: EL.STAT.

**Diagram 19: Rate of change in Public Expenditure, 2001-2012**



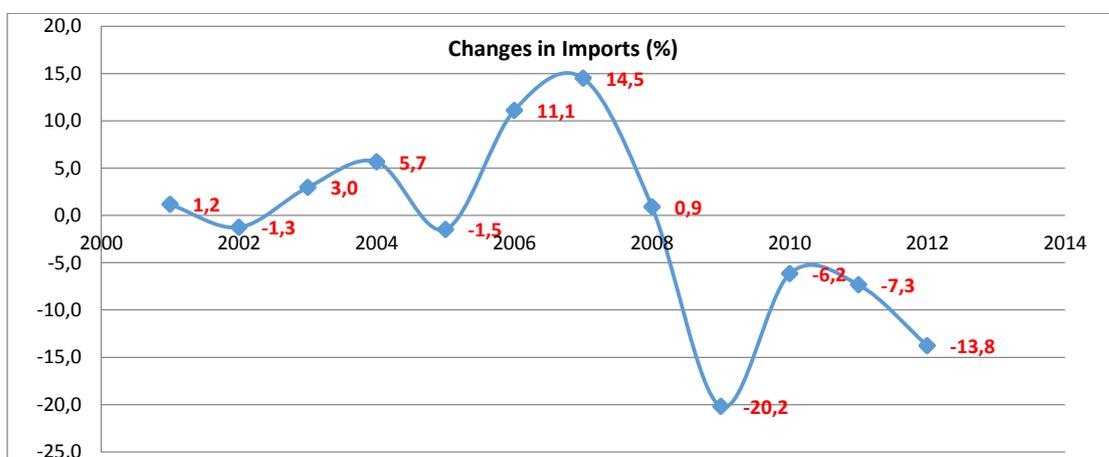
Source: EL.STAT.

**Diagram 20: Exports (%), 2001-2012**



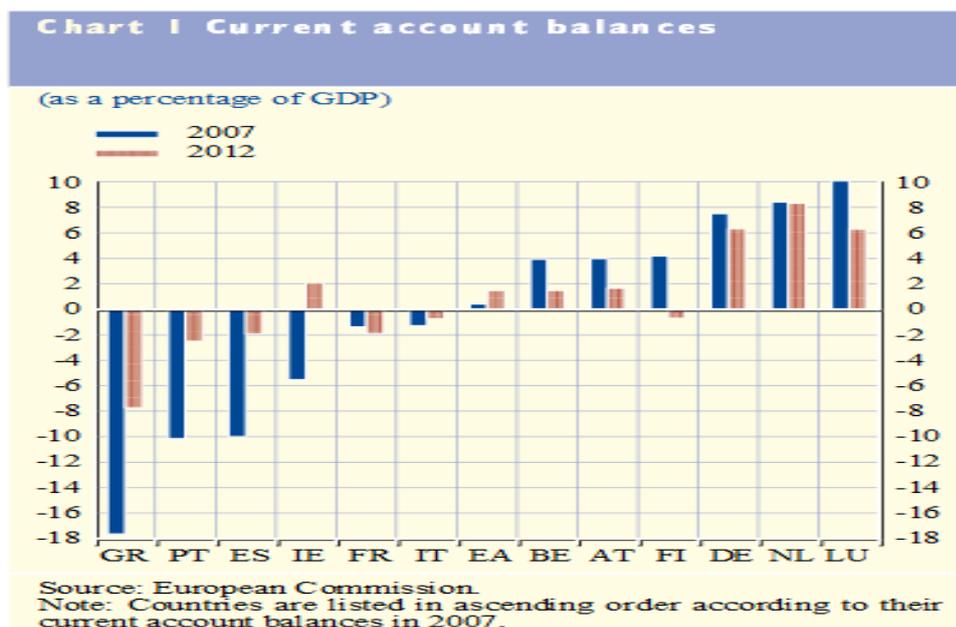
Source: EL.STAT.

**Diagram 21: Imports (%), 2001-2012**



Source: EL.STAT.

Diagram 22: Balance of payments (as a % of GDP), 2007-2012



Secondly, Greek crisis is **severe** and **all-embracing** in the sense that the policies followed after the conclusion of the first loan agreement affected all aspects of the employment regulation, social protection and wages. The following diagram is a good example to illustrate this. It is taken from the study of two ILO experts when examining the policy measures in public sector and the social dialogue situation across troubled economies in Europe. In Greece the scale and sometimes the pace of change was higher among the countries examined. In a similar vein, industrial relations and labour law experts from 12 different countries across Europe have argued that the Greek case is exceptional in that sense (Escande *et al.* 2012).

**Table 4: Public sector Industrial Relations reforms**

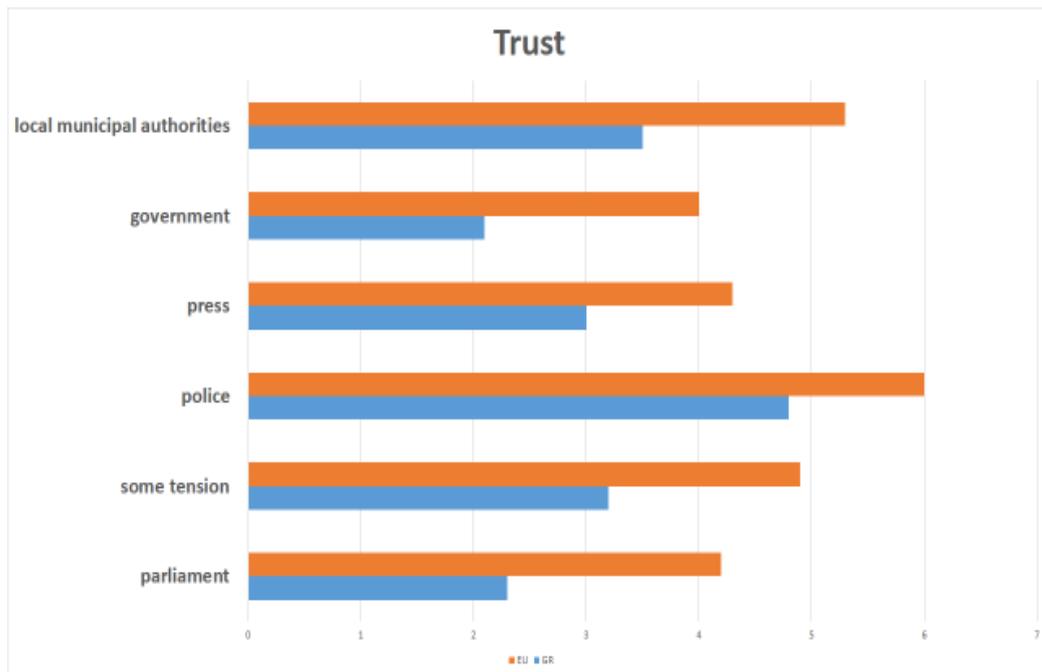
Country	Public sector adjustments			Pensions		
	Employment reduction	Pay cut	Pay freeze	Pension cut or freeze	Other Changes	Increase in retirement age
Greece	X	X	X	X	X	X
Ireland		X	X		X	
Italy			X		X	X
Latvia		X		X		
Portugal		X	X	X	X	
Romania	X	X				X
Spain	X	X	X	X		X
UK	X		X			

Source: Ghellab and Papadakis (2011)

Thirdly, due to its magnitude and severity, Greek crisis has resulted in a broader **legitimization crisis of the political and social institutions** across the population. The rise of fascist political party of Golden Dawn reflects to a certain extent this lack of trust to the mainstream political institutions. The following diagrams come from two significant European level based surveys; Eurobarometer and the Survey on the Quality of Working Life 2012. They both reveal the social contract breach that has taken place between ordinary workers and citizens of Greece with mainstream political and social institutions and state authorities inside or outside (e.g. European Commission) the country.

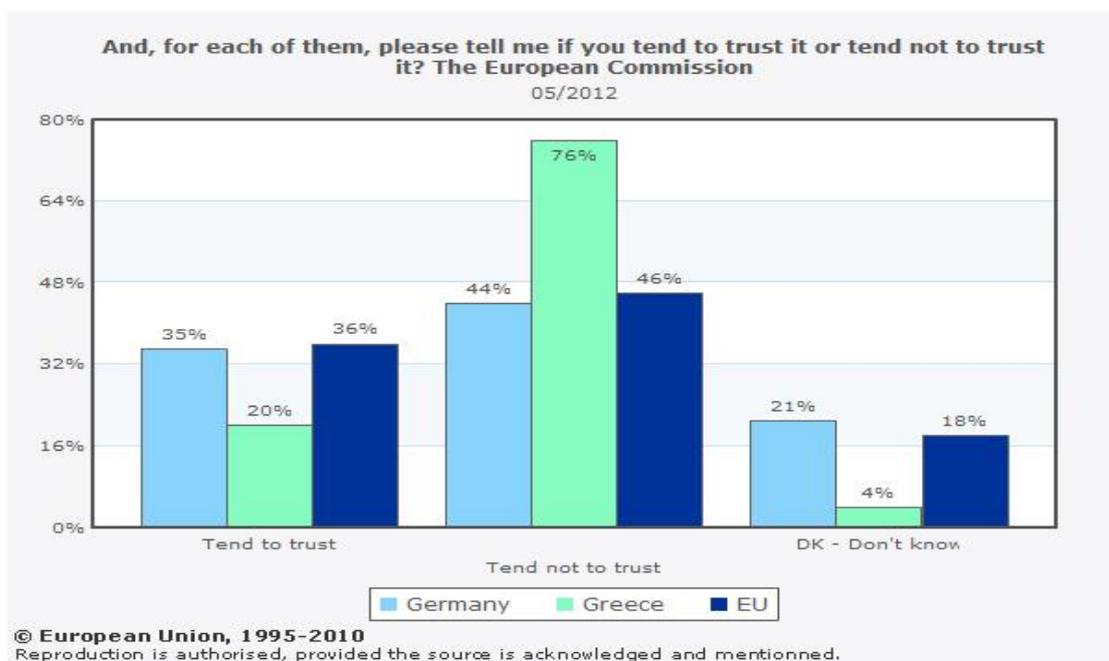
It would have been awkward and bizarre not to have such responses, as from the end of Germany's first democracy in the 1930s to the anti-government demonstrations in Europe after 2009, austerity has tended to go hand-in-hand with politically-motivated violence and social instability. Economists have long argued that unrest and attempts at revolution are more likely when incomes are temporarily depressed – the opportunity cost of trying to change the existing order is low (Acemoglu and Robinson 2001).

**Diagram 23: Levels of Trust to political and social institutions: EU and Greece, 2012**



Source: European Quality of Life Survey 2012

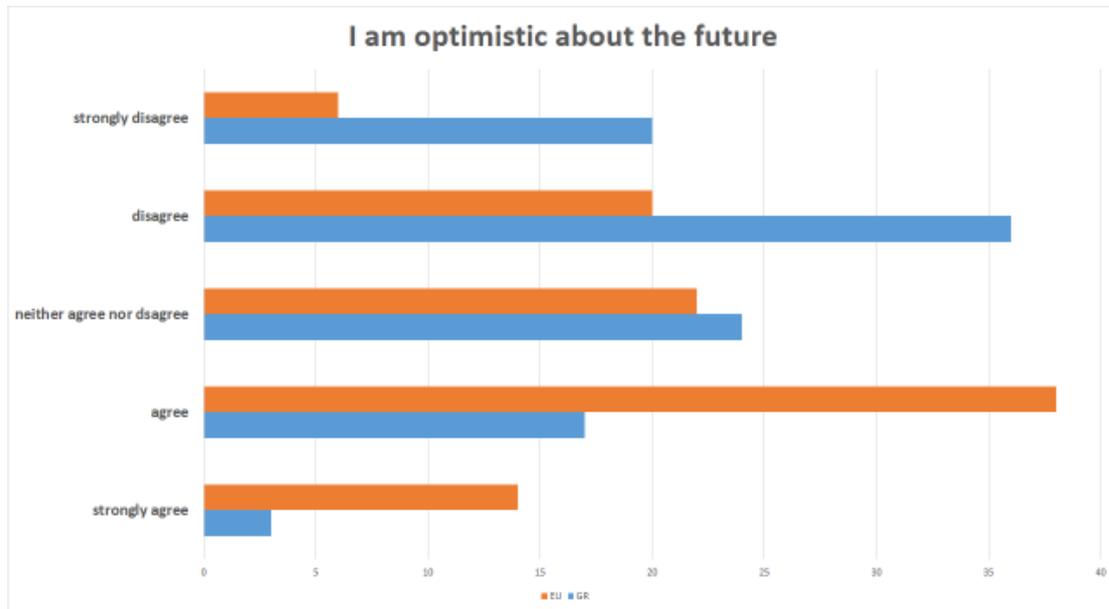
**Diagram 24: Levels of Trust to European Commission: EU, Germany and Greece, 2012**



Along with the pandemic of distrust, there is strong pessimism about the future and widespread dissatisfaction with the life most people lead. A depressive and

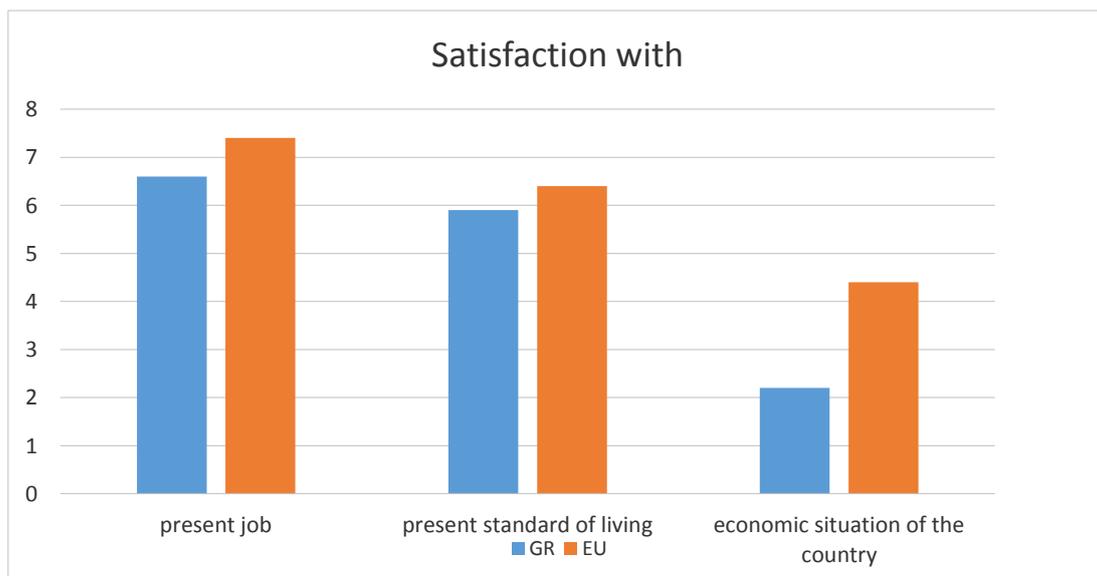
melancholic and thus demobilised and easily manipulated nation is what current and previous governments with the synergy of Troika want. Only 3% of Greeks either strongly agree that their life will become better in the future or are very satisfied with their life. The respective figure for other Europeans across EU-27 is many times higher (almost 15% and 21% respectively).

**Diagram 25: Levels of Optimism about the future: EU and Greece, 2012**



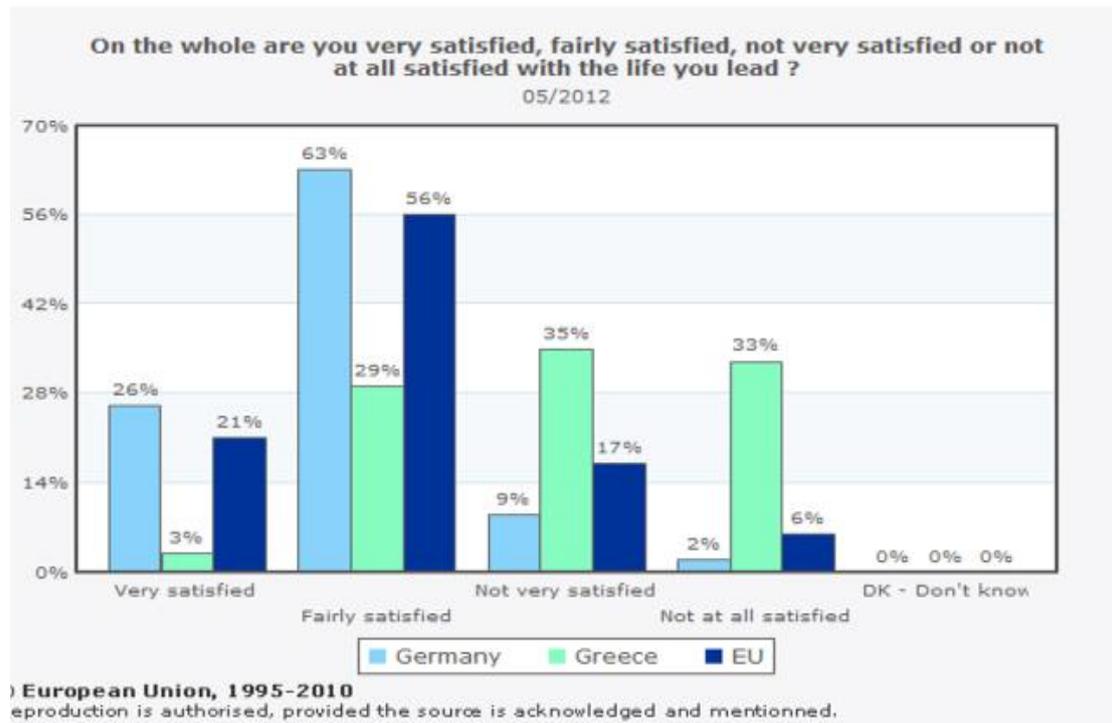
Source: European Quality of Life Survey 2012

**Diagram 26: Levels of Satisfaction: EU and Greece, 2012**



Source: European Quality of Life Survey 2012

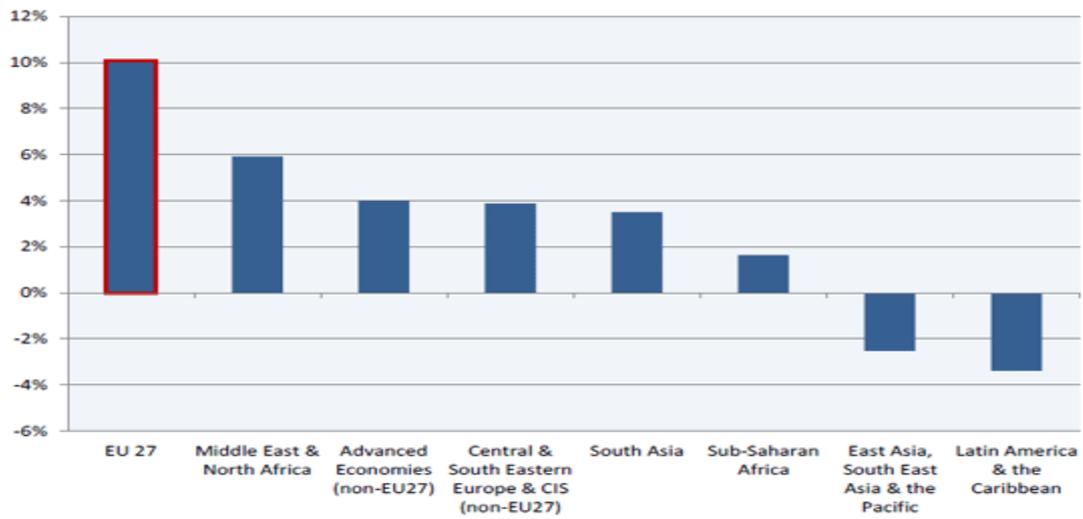
**Diagram 27: Levels of Life Satisfaction: EU, Germany and Greece, 2012**



Not surprisingly, in this context of pessimism and mistrust, the estimates of Social Unrest Index by ILO locate Greece among the group of countries that between 2010-2012 experienced the sharpest increases in the risk of social unrest<sup>13</sup>. This situation is of course related to the fact that the country after 2010 provides an illustration of class polarization and social injustice. ILO (2012) for example has argued that there was a compression of relative earnings of middle-income earners (due to the worsening employment conditions together with cuts in public-sector wages). In a similar vein, European Quality Life Survey findings suggest that the perceived tension between workers and managers and people with rich and poor people is much higher than the European average rate.

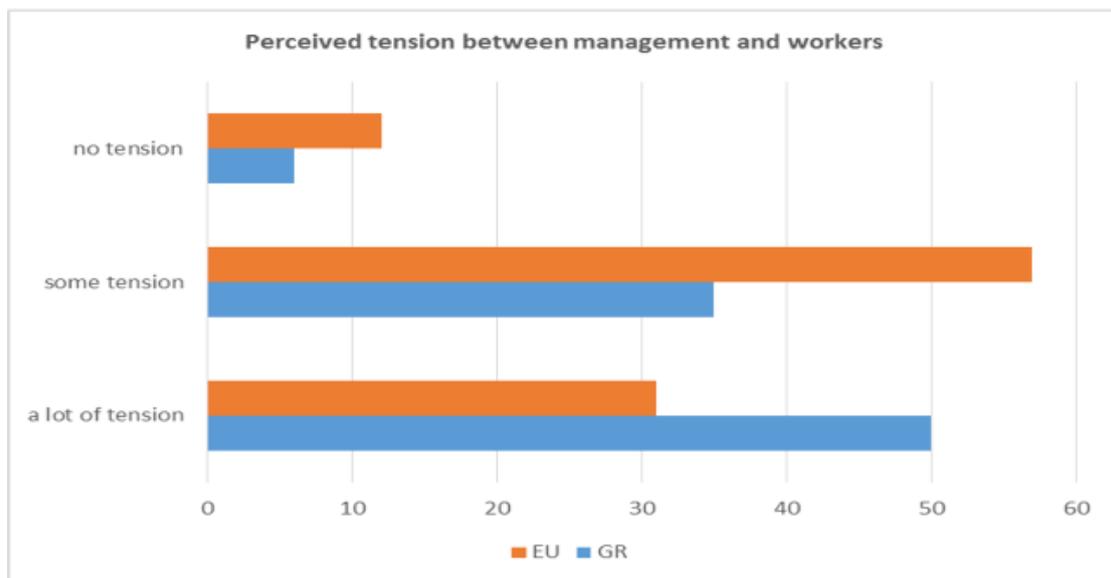
<sup>13</sup> The other countries are Cyprus, Czech Republic, Italy, Portugal, Slovenia and Spain.

**Diagram 28: ILO Social Unrest Index, 2012**



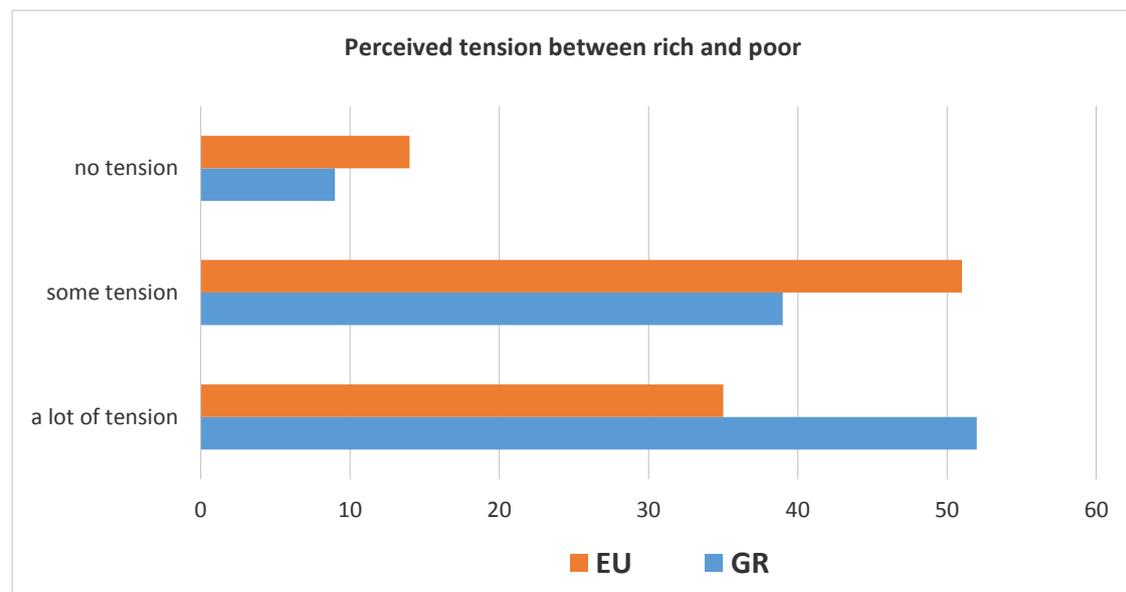
ILO (2012)

**Diagram 29: Perceived tension between management and workers, 2012**



Source: European Quality of Life Survey 2012

**Diagram 30: Perceived tension between rich and poor, 2012**



Source: European Quality of Life Survey 2012

The turn to austerity has been presented not as a choice but as a necessity. The management of Greek crisis by the successive Greek governments and Troika violates the existing legal and social order. Many measures taken as a response to memorandum commitments were **unconstitutional** both in their letter and their spirit. For example, the conclusion of the first loan agreement preceded the amendment of Art 1(4) of Act 3845/2010 concerning the need for the ratification of any agreements by the Greek Parliament.

In general, none of the agreements with Troika was ratified following the procedure stipulated neither under art 28(2), nor under the regular legislative process.<sup>14</sup> ILO condemned Greece in June 2013 in the form of 11 different observations regarding the violation of basic human rights convention. The respective conventions are related to the following:

- Labour inspection No. 81
- Freedom of association No. 87
- Protection of wages No. 95
- Right to organise and collective bargaining No. 98
- Equal remuneration No. 100
- Social security No. 102
- Non-discrimination in employment and occupation No. 111
- Employment policy No. 122
- Collective bargaining No. 154
- Workers with family responsibilities No. 156.

<sup>14</sup> The IMF maintains that the loan agreements that are concluded in such cases do not constitute international agreements, but unilateral acts of the institution (IMF) under its Statute. According to Κατρούγκαλος (2010), the obvious reason is to avoid 'embarrassing' debates in national parliaments concerning the ratification of such agreements.

More specifically, in June 2013, the Committee on Application of Standards requested the Government to intensify its efforts with ILO technical assistance, to establish a functioning model of social dialogue on all issues of concern with a view to promoting collective bargaining, social cohesion and social peace in full conformity with Convention No. 98.

Finally, **Greek crisis is not actually Greek.** Most mainstream media analyses for the causes of the Greek crisis are based on national narratives of economic mismanagement, political corruption and other Greek peculiarities. There is no doubt that national historical accounts and traits to economic development are necessary for exploring the reasons of the Greek crisis. However something bigger is at stake in the case of Greece. Greece is part of an ongoing and systemic crisis of global economy and especially the economies in the Western world. As ILO (2011:57) noted recently *'the crisis in Greece is not an exclusively Greek problem but a Greek manifestation of a global problem'* (ILO, 2011:57). So, even though Greek economy represents only about 2% of the European Economy, its debt is still causing concern in Europe, because global economy operates more than ever before as a single unit with stronger and stronger interactions among its sub-units.

Not surprisingly since 2010, austerity and social misery has spread throughout Europe and the rest of the world. According to ILO, unemployment levels in Europe and globally approached in 2013 unprecedented levels since the Second World War. In a similar vein, welfare state retrenchment is evident across many countries in Europe and the rest of the world. As a consequence, the main foundations of the post war period capitalism (both in Europe and Greece) in serious crisis resulting in extended inequalities and the rise of precarious employment. The institutions of nuclear family and welfare state services can not function properly due to slashed budgets of public services, as well as the persistent and high unemployment levels and the squeezed workers' incomes. The model of social integration gradually established in post war Europe was associated with full time decent work opportunities (mainly for male older workers and family breadwinners). This model is now in deep crisis and it can not provide the sense of safety to individuals and households the same way they did in the past.

Work uncertainty, economic insecurity and restricted access to social and welfare services affect broader working groups and communities. The upsurge of the economic crisis in 2010 (and earlier) has acted as a catalyst for the further worsening of living and working conditions and the erosion of national industrial relations and collective bargaining systems. For example, against a background of deep economic crisis, an increasing number of European countries are now moving towards a radical decentralisation of collective bargaining, characterised by direct state intervention into free collective bargaining, that is leading to the destruction of long-standing structures of national and industry negotiation (Schulten, 2013).

In any case austerity policies and drastic labour market deregulation programs have resulted in institutional decomposition and the individualisation of employment relations. Thus, the notion of insecurity and risk is not anymore the 'privilege' of unskilled, low paid workforce or immigrant workforce and the unemployed. Not only

educated youth, but also middle and working class people, as well as pensioners, youth and workers in all sectors of economic activity find themselves trapped in the risk of work-poverty or excessive debt and downward social mobility. The political connotations of the crisis are radically bold. Many politicians and financial institutions aim to serve mainly the interests of economic elites and shareholders ignoring social needs and democracy provoking social unrest (Mason, 2012).

As Harvey (2005) has suggested any understanding of the crisis must start with some assessment of the neoliberal economic project and its acceptance/ legitimization by influential policy makers, intellectuals and powerful financial and industrial interests. Strong and complex economic interdependencies have enhanced the role of IMF in Europe and other supranational institutions and economic elites that support politicians and pundits to turn their backs on the unemployed and instead use the economic crisis as an excuse to slash social programs and deficits<sup>15</sup> (Krugman, 2013).

Current crisis has divided European citizens between those who are against austerity and TINA-like<sup>16</sup> dogmas and those who believe that the implementation of austerity policies is the only way to replay the dramatic conditions of the Great Depression. Further, current crisis strengthens the geopolitical antagonisms between more and less powerful States, as Europe's economies are drifting further apart. Indicative of this is that austerity policies and rising poverty are evident all over Europe.

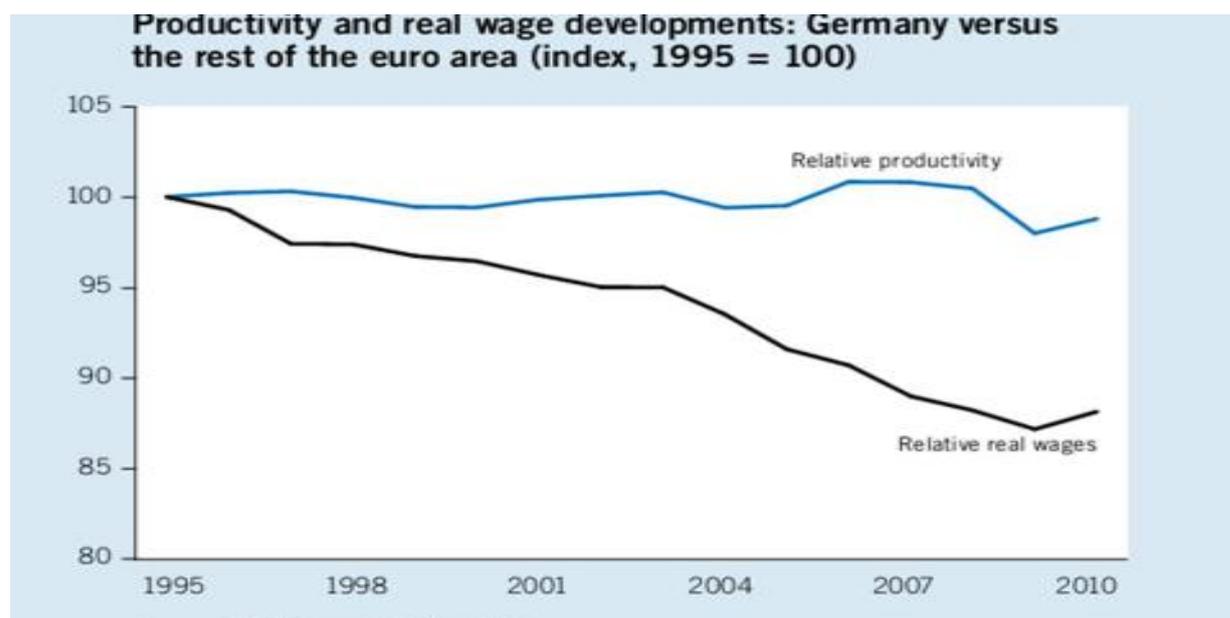
Nevertheless, all bail-out agreements that include tough austerity measures were imposed only to small member states of the EU (Greece, Cyprus, Ireland, Portugal) because of (among other reasons) their small re-negotiation capacity of debt payment in comparison to bigger States in trouble (e.g. Italy, Spain). Therefore the geopolitical dimension of the current crisis is evident and outstanding.

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<sup>15</sup> See the analysis of Krugman [http://www.nytimes.com/2013/01/18/opinion/krugman-the-dwindling-deficit.html?\\_r=0](http://www.nytimes.com/2013/01/18/opinion/krugman-the-dwindling-deficit.html?_r=0)

<sup>16</sup> There is No Alternative (TINA) was one of the main slogans of New Realism policies developed by Margaret Thatcher to persuade British people that radical labour market and economic reforms were unavoidable and the best and only people had.

**Diagram 31: Productivity and Real Wage changes in Germany and the euro area**



Source: AMECO database

This modern geopolitical antagonism and competition is also expressed in the obsession of Troika to promote privatisations in Greece. Greece has been forced to give up its sovereignty over this process: it will be managed by ΤΑΙΠΕΔ a specially created private company overseen by EU appointees that resembles the experiment of Treuhand in East Germany. ΤΑΙΠΕΔ has quarterly targets for the amounts to be sold and it has already initiated the programme of selling public assets and companies. The proceeds are going to be used to pay off the west European banks that hold Greek bonds. Private ownership is expected by Troika to make a difference because private owners know exactly what they want. The competition also is expected to be a perpetual driver to create innovation and efficiency. In practice the planned privatisations in Greece aim to offer new market opportunities to state-owned companies from other big countries.

**Diagram 32: Major Privatisation projects in Greece**

Privatisation to state-owned companies?

Group	Home	Sector	State owned	
GdF-Suez (inc. Suez Environnement)	France	Water, gas, electricity	37%	Bidding for Thessaloniki water EYATH
Mekorot	Israel	Water	100%	Bidding for Thessaloniki water EYATH
Gazprom	Russia	Gas	50.01%	Possible bidder for gas company
Socar	Azerbaijan	Gas	100%	Bid for gas company DESFA
Deutsche Bahn	Germany	Transport	100%	Possible bidder for railways
SNCF	France	Transport	100%	Possible bidder for railways
COSCO	China	Shipping	100%	Concession to run Piraeus container terminal

Further, while Greece is being forced to privatise, the opposite is happening in Germany, France and other EU countries, where the forces of social control and re-municipalisation are becoming stronger and stronger.

**Diagram 33: Re-Municipalisation Trends across Europe**

### Re-municipalisation across Europe

Sector	Process	Countries	Factors
Water	Municipalisation of services	France, Hungary, Germany, Italy	Private failure, cost, control, contract expiry
Electricity	New stadtwerke, purchase of private companies (>€9bn); nationalisation	Germany, Hungary, Lithuania	Private failure, cost, control, contract expiry
Public transport	Municipalisation of contracts and concessions	UK, France	Cost, private failure, public objectives, control
Waste management	Contracts brought inhouse, inter-municipal incinerators	Germany, UK, France, etc	Cost, control, contract expiry
Cleaning	Contracts brought inhouse	UK, Finland	Cost, employment, contract expiry
Housing	Contracts brought inhouse	UK, Germany	Cost, effectiveness
Healthcare	Slovakia plans to renationalise health insurance <a href="#">Reuters Oct 2012</a>		

Source: Hall (2013)

### A new model of economic and political governance in Europe

Deakin and Wilikinson (2011) have argued that what is happening in Greece has resulted in far-reaching changes in the industrial relations system and labour law, as they serve the establishment of a model of economic governance that promotes the neoliberal project across Europe. The result of budgetary cost-cutting policy is that crucial social risks are transferred away from governments and employers onto individual citizens and at the expense of the workforce. A dismantling of social insurance and other social protection provision guarantees no improvement in job or income security.

According to Koukiadaki and Kretsos (2012) certain characteristics of the forced austerity and structural reforms agenda in Greece require special attention. First, the imposition of austerity measures has been associated with a clear-cut transfer of policymaking process from national to international actors. Second, as a result of the changes introduced, Greek social law is increasingly characterised by individualisation, the fragmentation of the floor of rights in collective bargaining and a return to civil law mechanisms and principles, replacing protective labour law ones.

Greece becomes 'contagious' in the sense of spreading labour law deregulation across Europe. Third, austerity policies and labour market deregulation have opened the door to widespread social unrest and political change in Greece. Such developments may yet initiate a new stage of institutional development and re-regulation across the EU. The contradictions inherent in a policy of enforced deflation and deregulation have inevitably come to the fore. Political developments and strong social and labour movements can initiate a new stage phase of the EU's institutional development. In this context, the end of markets' orthodoxy and human rights violation may come sooner than we expect.

### **3. Labour Market Reforms, Precarious Employment and Unemployment**

Since 2010 Greece has become a nation that has been synonymous with some of the most complex and substantive changes in terms of the organisation and structure of employment. It could be held as an example of a market leaning and more individualised approach to labour market regulation. In this context, the precarious social and economic position of many workers has been exacerbated, while it has been expanded among broader working groups and not just among young, female and migrant workers. This development has significant implications for the enjoyment of basic social rights. The association between precarious work and the absence of social rights is irrefutable.

According to McKay *et al* (2012) individuals in precarious work are more likely to be excluded from social rights, such as to decent housing, medical care, pensions and education, while exclusion from these social rights pushes individuals into precarious work. Work precariousness thus feeds into other situations that cement individuals into precarious lives. Precarious work also incurs the risk of individuals lacking adequate social protection in old age. In general, precarious work is characterized by lack of decent wages and loss of stability: in work; in pay; in professional paths; in friends and family ties; and in the protection of social and political rights.

Precarious work becomes endemic in an economic context, as that of Greece, characterized by pressing demands for more flexibility and scarcity of resources available to welfare for managing, regulating, and protecting individual and collective decent work biographies. The increasingly sharp divide between included and excluded individuals also leads to an increase of inequalities related to different cultural, social, economic and institutional factors.

Nevertheless, the social and employment disadvantage of certain working groups like immigrants, young and female workers should not be conceptualized only as a consequence of the current crisis<sup>17</sup>. Besides, as mentioned above, the issue of

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<sup>17</sup> Immigrants, women and young used to swell the precariat in disproportionately large numbers, partly as a consequence of their high levels of participation in certain economic activities. Further, a structural characteristic of the Greek economy was the increased reliance of GDP growth on

precarious work has strong historical roots in the Greek labour market<sup>18</sup>. The issue should be conceptualized instead as part of the historical interplay between social, cultural and economic forces with opposing interests regarding the future regulatory outcomes. This interplay of social and economic forces in Greece involves not only a set of different agencies of interests, such as militant employer groups, right wing think tanks, the media, successive governments and organized labour, but also other structural factors in the Greek society. Such factors include the informal economy and the familialism (Karamessini, 2008; Kretsos, 2004).

However, this interplay of the above forces and structural factors has been put into strain with the sweeping austerity measures implemented since May 2010. For example the peculiar forms of intergenerational solidarity among family members is not sufficient anymore to provide a tangible sense of protection, as unemployment and precarious jobs has hit all types of workers and no one is immune to the notion of risk (ironically a 'democratisation' of risk and social exclusion).

The 'Holy' Greek family can not act as a protective shelter and social policy provider the same way as it did in the past. As a result of this it is argued that two parallel developments are emerging with greater intensity in Greece since 2010: i) current crisis and austerity measures have deepen the social and economic inequalities at the expense of workers with non-standard contracts and ii) more and more workers with standard employment contracts face significant challenges due to on-going austerity policies and radical labour market reforms.

Such policies and reforms have increased the notion of job insecurity among the working population, as they have resulted in a dramatic increase of unemployment rate (27.9% in August 2013) and the expansion of non-standard and atypical employment arrangements even in the public sector that used to be considered as a protective shelter of employment (see the analysis on public sector restructuring in page).

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construction, tourism and agriculture. Those sectors are traditionally linked to seasonal and temporary in nature employment that facilitates additional precarious work arrangements.

<sup>18</sup> Besides prior to the economic crisis, the public debates on the so-called 'Precarious Generation' or the 'Generation of 700 (and even less on certain cases) euros' resulted in a general acknowledgment that a growing and significant part of the young workforce was trapped into low paid and insecure jobs (Kretsos, 2010). Similar narratives on precarious workers in the media and academic research referred to unpleasant set of circumstances that many undocumented migrant workers usually face in Greece. The vicious acid attack on the Bulgarian immigrant union leader Konstantina Kounieva and the massive riots by young people that took place in the streets on Athens in December 2008 could be considered as critical incidences to some extent in the conceptualization process of precarious work and its social repercussions in the public debate.

**Table 5: Unemployment Rate by age group, 2007-2012**

Age Group	2007	2008	2009	2010	2011	2012	2013 (1st quarter)
15-24	22.9	22.1	28.5	34.7	46.7	56.6	59
25-34	11.6	10.6	13.0	18.9	27.0	34.1	41.2
35-44	6.3	6.1	8.3	11.6	15.9	23.3	26.1
45-54	4.5	4.5	6.9	9.3	14.1	19.5	19.7
55-64	3.1	3.1	4.9	6.8	9.0	15.4	15.9
65-74	1.4	0.8	1.0	1.9	3.6	4.9	7.5
Total	8.1	7.5	10.0	13.8	19.7	26.8	27.6

Source: ELSTAT

**Table 6: Workforce and Employment Statistics - May 2008 – May 2013**

	2008	2009	2010	2011	2012	2013
Employed	4.566.977	4.509.732	4.411.695	4.138.291	3.792.509	3.621.153
Unemployed	357.009	452.465	607.757	832.489	1.187.419	1.381.088
Not Active Population	3.401.945	3.345.997	3.290.438	3.350.325	3.352.206	3.318.671
Unemployment (%)	7.3	9.1	12.1	16.7	23.8	27.6

Source: ELSTAT

Figures on unemployment mask the tremendous impact of the ongoing changes in industrial relations systems in Greece (and other suffered countries who became recipients of financial bailout packages), as they are based on vulnerable definitions (e.g. Unemployed is a person who has not worked not even one hour during the reference week of the national labour force survey). Nevertheless, even the official data are alarming.

For example, Greece has the highest rate of long-term unemployment across Europe. More worrying are the dynamism of unemployment and the extremely low rate of employment in comparison to other Eurozone countries.

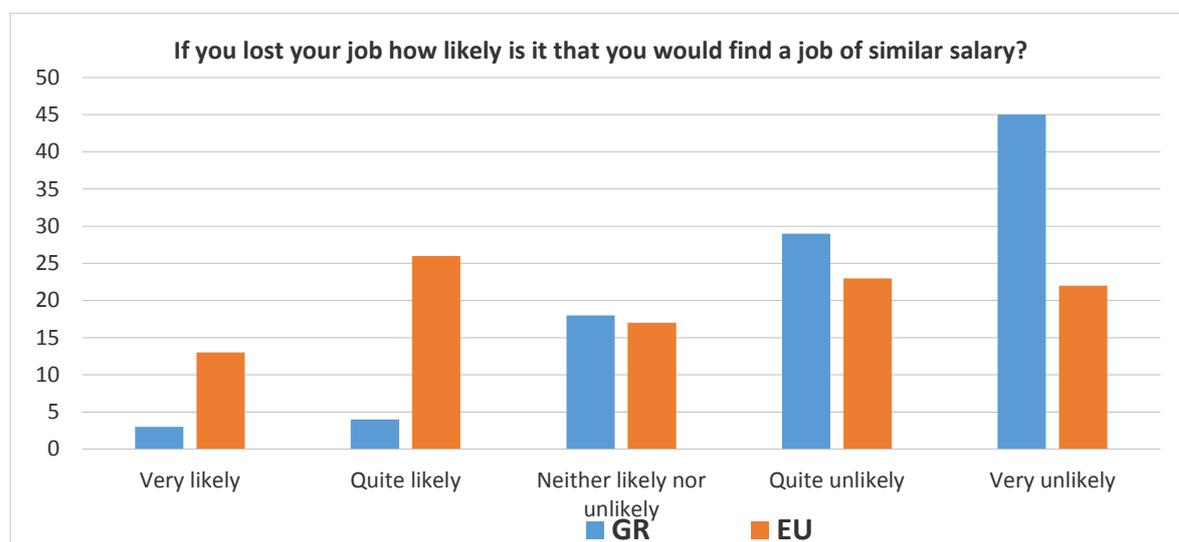
**Table 7: Employment rate (15-65), 2010-2013**

	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2	2012Q3	2012Q4	2013Q1
<b>European Union (27 countries)</b>	<b>64,2</b>	<b>63,8</b>	<b>64,4</b>	<b>64,6</b>	<b>64,3</b>	<b>63,6</b>	<b>64,3</b>	<b>64,6</b>	<b>64,2</b>	:
European Union (15 countries)	65,5	65,1	65,7	65,7	65,4	64,8	65,3	65,5	65,2	:
Belgium	62,7	61,3	62,5	61,7	62,2	61,5	61,8	62,1	61,9	61,3
Bulgaria	59,0	57,2	58,1	59,8	58,6	56,9	58,3	60,6	59,4	57,7
Czech Republic	65,5	65,0	65,7	66,1	66,1	65,6	66,5	67,1	67,0	66,8
Denmark	73,0	72,6	73,3	73,8	72,9	72,3	72,8	72,8	72,4	72,0
Germany	71,7	71,5	72,5	72,8	73,3	72,1	72,7	73,2	73,3	72,6
Estonia	63,6	63,2	64,3	67,2	65,8	66,0	67,1	68,1	67,2	67,0
Ireland	59,0	58,5	59,2	58,8	59,0	58,3	58,8	59,0	59,3	59,3
<b>Greece</b>	<b>58,3</b>	<b>56,9</b>	<b>56,4</b>	<b>55,4</b>	<b>53,5</b>	<b>52,3</b>	<b>51,7</b>	<b>51,0</b>	<b>50,2</b>	<b>49,1</b>
Spain	58,4	57,7	58,3	57,9	56,8	55,7	55,7	55,6	54,6	53,8
France	63,6	63,4	64,1	64,3	63,6	63,4	64,1	64,4	63,8	:
Croatia	53,6	52,4	52,3	53,2	51,5	49,8	51,7	52,5	48,7	<b>47,5</b>
Italy	57,0	56,8	57,3	56,9	56,9	56,5	57,1	56,9	56,5	55,5
Cyprus	69,3	68,4	68,6	67,1	66,4	64,7	64,9	64,6	64,2	61,8
Latvia	60,1	59,1	60,5	61,7	62,0	61,2	62,4	64,5	64,2	63,8
Lithuania	59,2	58,9	60,3	60,8	61,3	60,6	62,3	63,3	62,4	62,3
Luxembourg	65,3	65,7	63,8	65,0	64,0	64,6	65,8	66,6	66,4	65,3
Hungary	55,8	54,6	55,8	56,4	56,5	55,7	57,2	58,2	57,8	56,6
Netherlands	74,9	74,4	74,7	75,1	75,3	74,9	75,1	75,3	75,0	74,2
Austria	72,3	71,1	72,1	73,0	72,3	71,4	72,6	73,6	72,4	71,1
Poland	59,6	58,9	59,7	60,2	59,9	58,8	59,7	60,2	60,0	58,7
Portugal	65,2	64,6	64,8	64,5	62,9	62,2	62,5	62,0	60,5	59,7
Romania	57,9	58,0	58,8	59,1	57,9	58,0	60,0	60,8	59,3	58,1
Slovenia	65,7	63,7	64,4	65,1	64,4	64,0	63,8	64,3	64,2	62,4
Slovakia	59,3	58,9	59,4	59,7	59,3	59,6	59,8	60,1	59,4	59,8
Finland	67,6	67,1	70,1	70,3	68,6	67,9	70,4	70,7	68,5	67,4
Sweden	72,2	72,1	73,9	74,9	73,4	72,4	74,2	75,0	73,5	72,9
United Kingdom	69,7	69,4	69,4	69,5	69,6	69,4	69,8	70,5	70,8	70,2
Norway	75,1	74,7	75,2	75,8	75,5	75,3	76,2	76,1	75,4	75,0
Turkey	46,5	46,1	49,2	49,9	48,4	46,3	49,9	49,9	49,5	<b>47,9</b>

Source: Eurostat

The respective figure of long-term unemployment was 9.1% of the workforce in comparison to 4.1% for the EU-27 in the third quarter in 2011. One year after the respective figure has further expanded to the level of 15%, which is much higher than the 4.6% for EU-27 countries. This explains the high cost of losing your job in Greece (see diagram below).

**Diagram 34: Cost of Job Loss in Greece and the EU, 2012**



Source: European Quality of Life Survey 2012

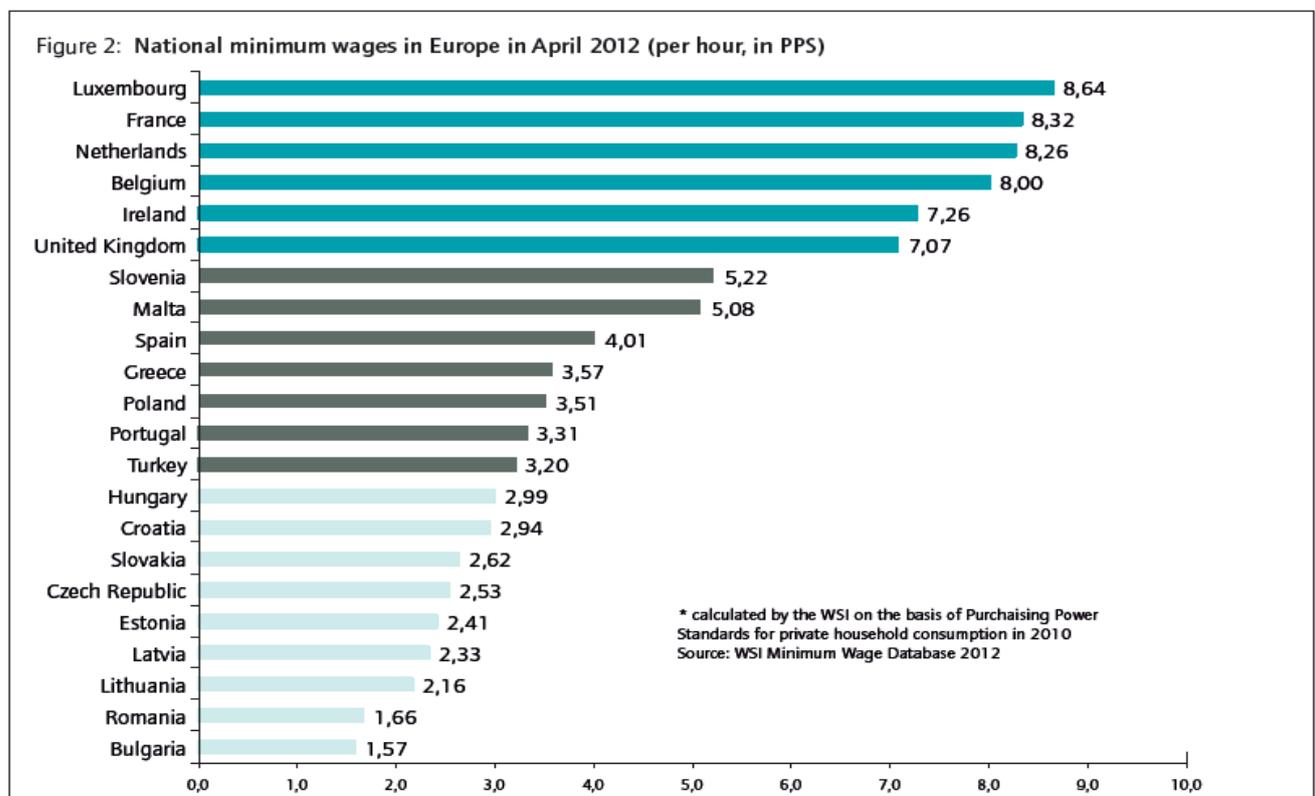
### The lost young generation and Minimum Wages

The profound impact in living and working conditions in Greece becomes more evident, when drawing comparisons across different European countries. For example in January 2012, Poland increased the minimum wage by 8.2%, to 1500 zlotys (€357), while one month later minimum wage in Greece was reduced by 20% to €586, and by 32% for people under the age of 25, to €510. Such changes resulted, for the first time, in making the minimum wage (calculated at Purchasing Power Standards), for people younger than 25, higher in new member Poland than in old-member Greece (Meardi, 2012).<sup>19</sup> The ILO report (2012), which was published before the conclusion of the second loan agreement, stated with respect to the minimum wage levels for young people: ‘Based on statistical information provided by the Hellenic Statistical Authority (EL.STAT) and EUROSTAT, the poverty level in Greece was at €6,000-7,000 per year. On this basis, it was considered that a young person could cover basic needs with a subminimum wage of €584. This amount also corresponded to what was paid in terms of unemployment benefits.’ Contrast this with the minimum wage levels for young persons that were set in the light of the second loan agreement, under which young persons receive €510,95. Austerity policies initiated a race to the bottom among Greek workers and their European counterparts.

<sup>19</sup> As Meardi (2012) also notes in 2012, the Polish minimum wage has also overtaken the Portuguese one.

For example, the fifth review by TaskForce regarding the progress of Greek economy and the conclusion of the second loan agreement in 2011, stated with respect to the labour market situation: *Despite recent reforms aimed at enhancing the dynamism of the labour market, serious shortcomings in the wage bargaining system remain... The Government will promote discussions with the social partners in order to examine labour market parameters that affect the firms' competitiveness and the economy as a whole. The goal is to conclude a national tripartite agreement addressing the macroeconomic challenges to the economy and to support stronger competitiveness, growth and employment in Greece. All parameters that have an impact on labour costs should be open for discussion, including wages, minimum wages and the national collective agreement, and the several non-wage labour costs, including social contributions.*<sup>20</sup>

**Diagram 35: National Minimum Wages in Europe, 2012**



Source: ETUI (2012)

At legislative level Act 3845/2010 included provisions that served as a legal authorization for the exclusion of young workers and long-term unemployed from the scope of the national collective agreement, and from the generally binding provisions on minimum wages and conditions of work. Following this, art 2(6) of Act 3845/2010 established that the remuneration in the case of a contract for acquisition of work experience of up to one year's duration for unemployed persons up to 24 years of age registered with the Oaed services would correspond to 80 per cent of the minimum/daily wage.

<sup>20</sup> [http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2011/pdf/ocp87\\_en.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2011/pdf/ocp87_en.pdf)

Further, pursuant to Act 3863/2010, minor workers of 15 to 18 years could be employed under contracts of 'apprenticeship' with extended probationary periods and receive 70 per cent of the minimum wage established in the national collective agreement<sup>21</sup>. Moreover, art 74(8) of Act 3863/2010 provided that in the case of newly- entrants into the labour market aged up to 25, their remuneration would correspond to 84 per cent of the minimum or daily wage. GSEE held that the deregulation of the existing minimum protective legislative framework, in conjunction with the absence of adequate guarantees and deficient inspection mechanisms, may 'lead to multiple harmful side effects for young works' (ILO, 2011: 334)<sup>22</sup> especially in the absence of active labour market policies.

The level of pensions is also shocking. According to the latest (19 April 2013) Congress of workers union employed in Social Security Funds (ΠΟΚΟΠ) 46% of pensioners get a pension below 500 euros and two out of three pensions do not exceed the ceiling of 700 euros (see below the section about poverty). Nevertheless, the main employment policy initiatives targeted lower minimum wages scales and facilitated cheaper dismissals by either reducing compensation payments or reducing the justifications/ formal procedures that employers need to have when making redundancies<sup>23</sup>.

Such policy and collective bargaining orientations resulted in transferring the burden of the economic crisis on workers, and especially on young people, through the widespread use of cheaper, more atypical and temporary contracts resulting in the further expansion of a new underclass of low-paid, precarious and more insecure youth. Not surprisingly, most people that lost their employment during the first months of the crisis were young, because of the high rate of precarious contracts among young workers. More specifically, seven out of ten workers who lost their job during 2009-10 were mostly young people up to 29 years of age and especially young men (Κρητικίδης, 2010).

In comparison with 2008, the year when the crisis broke out in the country, the working population of young people up to 30 years old has significantly been decreased. The hire and fire policy seems not to work; more contract flexibility has resulted in higher unemployment contrary to the traditional dogma of neoliberal economists.

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<sup>21</sup> Under such apprenticeship contracts, the workers are excluded from the protective provisions of labour legislation on permissible working hours, the start and end of the working day taking into account course schedules, obligatory periods of rest, obligatory paid annual leave, time off for attending school, studying and sick leave (art 74(8) and (9) of Act 3863/2010).

<sup>22</sup> [http://www.ilo.org/wcmsp5/groups/public/@ed\\_norm/@relconf/documents/meetingdocument/wcms\\_151556.pdf](http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_151556.pdf)

<sup>23</sup> Indicative of the primary orientations of public policy towards youth was the termination of work-placement contracts of about 50,000 young workers (stagiaires) in the public sector in October 2009 (Clark, 2013).

**Table 8: Changes in labour force per gender and age groups during 2008-2010**

	Labour force	Employed	Unemployed
<i>Both genders</i>	81.754	-155.135	236.889
15-29 years of age	-44.789	-108.437	63.648
30 years of age & over	126.543	-46.698	173.241
<i>Men</i>	-7.630	-143.954	136.324
15-29 years of age	-39.178	-74.329	35.151
30 years of age & over	31.548	-69.625	101.173
<i>Women</i>	89.384	-11.181	100.565
15-29 years of age	-5.611	-34.108	28.497
30 years of age & over	94.995	22.927	72.068

Source: Secretariat General of the Hellenic Statistical Authority (EL.STAT.), Labour Law Review 2008, 2010 2nd quarter

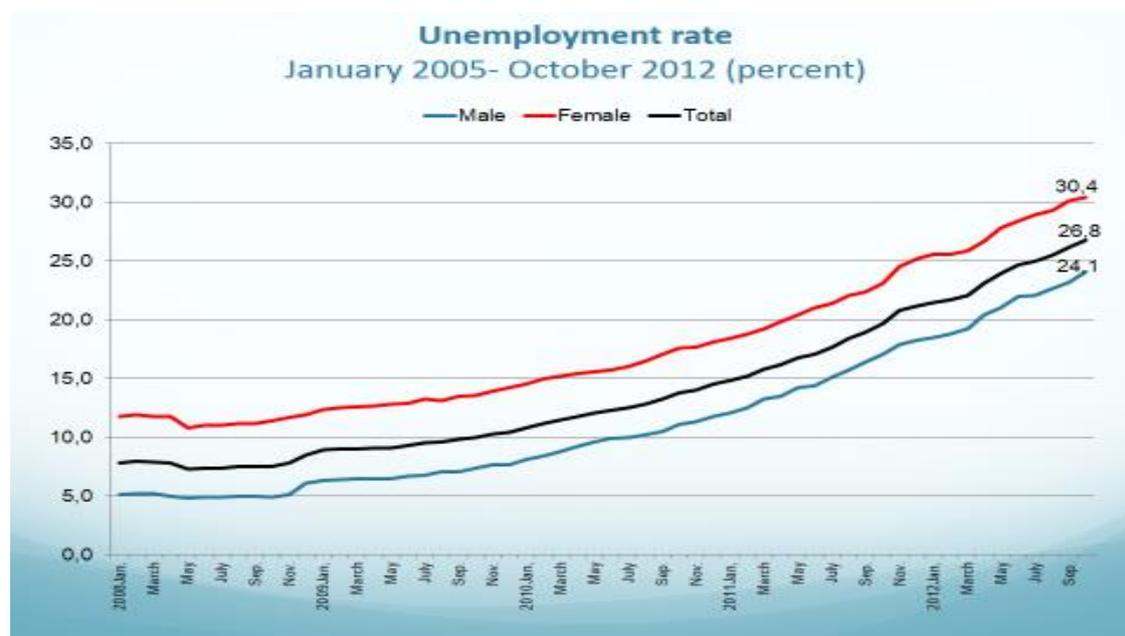
According to a recent study the reduction of firing costs brought acceleration to the firing rates, thus resulting in a dramatic boosting of unemployment figures (Koutentakis, 2012). Further, this development is related to a reduction in the number of new hires and a stagnation effect in dismissals<sup>24</sup>. The total change for the period 2009 – 2012 amounts to a 27.7% reduction in the number of new contracts (hiring). Government policies to combat unemployment were at least unsuccessful, as not only has the contraction of the Greek economy exceeded 26% in last five years, but also unemployment is in a constant upswing has surpassed the 27.4% mark (among the youth more than 65%) and modest predictions for 2013 set the unemployment rate at a minimum of 33% (estimates by National Bank of Greece, the Levy Institute and Labour Institute of GSEE)<sup>25</sup>.

Currently youth unemployment levels in Greece are the highest in Europe. Worth to mention is that at the worst moment of the Great Depression the level of unemployment in USA (25%) was lower than the current level of Greece.

<sup>24</sup> In this ocean of deregulation, the enactment of a special employment regime for young workers with lower wages and the recent reforms of cutting unemployment benefits even for seasonal workers by about 25% was a much antisocial government response to the economic and employment crisis that hits the country.

<sup>25</sup> [http://news.kathimerini.gr/4dcgi/w\\_articles\\_economy\\_2\\_23/11/2012\\_502649](http://news.kathimerini.gr/4dcgi/w_articles_economy_2_23/11/2012_502649) (accessed 16 April 2013)

**Diagram 36: Rise of Unemployment in Greece, 2005-2012**



Source: Antonopoulos (2013)

Quite alarming is the finding that job losses in the last three years are estimated to be about 900.000, the same exactly number of jobs created in the last twenty years<sup>26</sup>. According to estimates by Dedousopoulos (2013) on the whole, in the period of the first semester 2009 to the last semester of 2012 the Greek economy has lost 871.000 job positions. As he emphatically argues a simple arithmetic indicates that **it takes 14.5 years to return to the employment level of the pre-crisis levels** of the first semester of 2009. According to INE/ ΓΣΕΕ-ΑΔΕΔΥ the cost of recession in terms of jobs lost was 507.000 in the private sector of the economy alone (data for 2008-2012), while 39% of registered unemployed are unemployed for more than twelve months (the highest rate across EU-27).

In anticipation to those unfortunate developments many young and talented people are forced to emigrate. In a relevant study, Labrianidis (2013) found that since 2010 almost 120.000 young educated people left the country. Quite concerning is the fact that such figure represent almost 10% of the workforce with high skills and scientific capabilities<sup>27</sup>.

The crisis of employment has disproportionately hit certain economic sectors and is much evident on certain sectors of economic activity. According to data from the statistical service (EL.STAT.), three main sectors of economic activity have contributed almost a 60% of total job losses in the period 2009 – 2012. Manufacture and construction have been hit earlier, with trade to start declining after 2010, but

<sup>26</sup> <http://www.inews.gr/142/dragasakis-simasia-den-echei-to-nomisma-alla-oi-politikes-pou-efarmozontai.htm>

<sup>27</sup> Budget cuts have created a hostile environment to Research and Development across universities of the country. See for example <http://www.tovima.gr/science/research/article/?aid=508842> (accessed 20 April 2013).

the decline of employment in trade has been quite severe. In 2012 one in four job losses took place in the retail and commerce alone.

**Table 9: Contribution of Sectors to Employment Reduction (fourth semester), 2009-2012**

SECTOR OF ECONOMIC ACTIVITY	2009d - 2010d	2010d - 2011d	2011d - 2012d	TOTAL
A Agriculture, forestry and fishing	9,80	10,12	4,46	8,26
B Mining and quarrying	0,11	0,60	0,52	0,47
C Manufacturing	25,63	16,56	15,26	18,17
D Electricity, gas, steam and air conditioning supply	1,35	-0,41	-0,48	-0,04
E Water supply; sewerage, waste management and remediation activities	-0,73	1,94	0,92	1,02
F Construction	36,90	19,53	15,74	22,21
G Wholesale and retail trade; repair of motor vehicles and motorcycles	-1,86	19,53	26,45	16,94
H Transportation and storage	2,65	4,61	5,54	4,46
I Accommodation and food service activities	10,76	2,70	9,76	6,73
J Information and communication	2,65	4,09	-3,90	1,25
K Financial and insurance activities	-0,68	-0,79	5,30	1,16
L Real estate activities	1,07	-0,55	0,80	0,24
M Professional, scientific and technical activities	7,61	-0,82	-1,75	0,77
N Administrative and support service activities	-3,55	1,31	3,63	0,96
O Public administration and defence; compulsory social security	2,03	7,67	-2,87	3,08
P Education	6,87	2,76	9,32	5,75
Q Human health and social work activities	-1,46	2,40	3,71	1,95
R Arts, entertainment and recreation	0,39	0,25	2,67	1,04
S Other service activities	-1,92	1,50	1,75	0,82
T Activities of households as employers	2,20	7,12	3,03	4,73
U Activities of extraterritorial organisations and bodies	0,17	-0,11	0,16	0,04

Source: EL.STAT.

The bleak picture of the Greek labour market has significant consequences for the quality of employment and wages, as high unemployment provides a pool of workers willing to join the precariat in lack of employment alternatives. **"I'm lucky to have a job"** seems to be the mantra in a situation of any job being considered better than having no job at all. A report issued by the Labour Inspectorate (SEPE) on developments in employment contracts during 2012 showed that 46% of new contracts in the private sector were for flexible forms of work such as part-time work and work rotation<sup>28</sup>. Almost half of new recruits are employed on precarious employment contracts. More specifically in 2012 325.231 companies recruited

<sup>28</sup> <http://www.tovima.gr/finance/article/?aid=462019> See also <http://tvxs.gr/news/ellada/sepe-kakos-ergodotis-sxedon-1-stoys-3> (accessed 21 April 2013)

683.443 employees, of which only 375.843 under a full-time contract, while 241.985 and 65.615 were employed under a part-time or a job rotation/ shift extended scheme. To put those figures into context, part-time contracts are higher by almost 100.000 in 2012 since 2005, while the respective rise of extended shift schemes is more than doubled. In other words, the model of full-time permanent employment has been replaced by contingent, lower paid and precarious in nature jobs.

**Table 10: Conversion of full-time employment contracts to flexible employment contracts according to Labour Inspectorate, 2009-2012**

Conversion of full-time employment contracts to	2009	2010	2011	2012
<i>Part-time employment contract</i>	12,219	18,713 (+53.1%)	32.420 (73,2%)	49.640 (53,1%)
Shift work agreed between employer and worker	4,146	6,527 (+57,4%)	19.128 (193%)	21.478 (12,3%)
Shift work imposed unilaterally by the employer	612	1,013 (+65,5%)	7.414 (631,8%)	13.372 (80,4%)
<i>TOTAL number of conversions</i>	16,977	26.253 (54,6%)	58.962 (124,5%)	84.490 (43,3%)

**Table 11: New recruits by types of contract, 2009-2012**

	2009	2010	2011	2012
Full-time	746.911	586.281 (-21,5%)	460.706 (-21,42%)	375.843 (-18,42%)
Part-Time	157.738	228.994 (45,2%)	233.558 (1,99%)	241.985 (3,61%)
Shift work/ Job rotation scheme	40.489	60.677 (49,9%)	68.300 (12,56%)	66.615 (-3,93%)
TOTAL	945.138	875.952 (-7,3%)	762.564 (-12,94%)	684.443 (-10,24%)

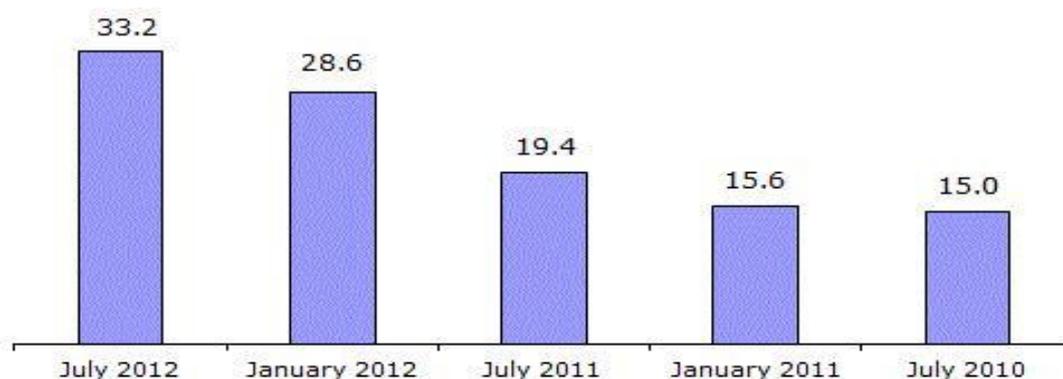
Source: SEPE Annual Reports

Not surprisingly in this fragmented employment environment, the fines imposed by Labour Inspectorates of SEPE were dramatically increased. Austerity and deregulatory policies in employment system resulted in growing symptoms of labour law violation at the expense of ordinary workers. The total amount of fines imposed in 2012 was more than 20 million euros, when the respective figure in 2005 was

about 5 millions. Undeclared work is also on the rise and is thought to have represented 36.3% (from 30% in 2011) of all employment contracts in 2012<sup>29</sup>. Undeclared work for Greek workers among Greek and immigrant workers from third countries have dramatically increased to 31% (25,7% in 2011 και 22,6% in 2010), and 46,9% (39,5% in 2011 και 31,5% in 2010) (SEPE, 2013).

Further, according to the latest (2012) report by SEPE private sector companies reduced wages by 35.5% on average through the introduction of company level collective or the conclusion of individualized style agreements with employees. In addition, six out of ten companies delay to fully compensate their employees on time<sup>30</sup>. In a similar vein, the survey conducted by the small (employing fewer than 50 employees) businesses association (ΓΣΕΒΕΕ) that represents almost 99,6% of all businesses in Greece showed just over 40% of enterprises had cut working hours or working days for some employees. This percentage was 37.4% in January 2012 and six months earlier than the reference week of the survey<sup>31</sup>. Nevertheless, in both cases, the rate of workers who saw their wages fall is extremely high<sup>32</sup>.

**Diagram 37: Companies that reduced the earnings of their employees (%), 2010-2012**



Source: Small Enterprises of the Hellenic Confederation of Professionals, Craftsmen & Merchants (GSEVEE) survey, 2013.

In a similar vein, SEPE reports indicate that the delayed payment or non-payment of arrears is the most popular type of industrial dispute followed by unjustified termination of employment.

<sup>29</sup> See <http://www.tovima.gr/finance/article/?aid=462019> (accessed 10 April 2013).

<sup>30</sup> Earlier data by SEPE for 2012 indicated that one in four companies in the private sector had not paid its employees for three months or more. See <http://tvxs.gr/news/ellada/sepe-kakos-ergodotis-sxedon-1-stoys-3> (accessed 15 April 2013).

<sup>31</sup> <http://www.eurofound.europa.eu/ewco/2012/11/GR1211019I.htm> (accessed 7 April 2013).

<sup>32</sup> According to Eurostat labour cost/ hour in Greece was reduced by 11.2% during 2008-12. Greece is the only country across Eurozone that labour costs were reduced during that period (16.7 euros/ hour in 2008, 17.1 euros/ hour in 2010 and 14.9 euros/ hour in 2012). The country had the fifth lowest position across Eurozone in 2012.

**Table 12: Industrial Disputes, 2010-12**

Category	2010	2011	2012
<i>Delayed payment or non-payment of arrears</i>	50.5%	55.3%	55.8%
Termination of employment contract	19.6%	17.9%	15.4%
Non-payment of holiday bonus	14.8%	14,1%	13.9%
Miscellaneous matters	7.2%	5,6%	5,9%
Non-payment of Christmas and Ester bonuses	5.6%	5.2%	5.6%

Source: SEPE Annual Reports

The findings of three European surveys are indicative of the prevailing climate in the Greek labour market (e.g. see earlier diagram from the European Quality of Life Survey 2012 about the perceived tension between managers and workers). All those negative developments and features of the Greek labour market mentioned above could not have taken place if either the Labour Inspectorate (SEPE) was strong enough to force employers' compliance to labour law or if there were at place workplace level union representation structures and collective bargaining mechanisms. The issue of Labour Inspectorate and the establishment of workplace level union representation mechanisms are top-level policy priorities to protect democracy. The pressures of Troika to suppress real wage increases, enhance flexibility in various ways - quantitative, qualitative, temporal and financial – could not have happened if the labour movement was stronger and more focused to the actual needs of working class.

Nevertheless for Troika and Greek governments the long-term negative features of Greek labour market (dismissals/ new recruits ration, high rates of undeclared work, widespread employers tax avoidance practices etc.) were not enough. More steps are necessary to individualize further employment relations and to reduce more labour costs. For this reason, policies that aim to decompose collective bargaining were on board in the last three years. It is important to mention here that Greek system of wage determination has been based, traditionally, on different levels of regulatory mechanisms, with the national general collective agreement determining the minimum wage, and occupational (national and local), sectoral and firm-level agreements providing for additional remuneration always in line with the principle of the 'implementation of the more favourable provision' mentioned above.

The system of collective bargaining has received fierce attacks over last three years. Indicative of this is the relevant finding by the Economic and Social Committee<sup>33</sup>. In the first months of 2013 about 1.2 million workers or 60% of all workers are paid according to the outcomes of individual employment contracts between the employer and the employee. Further, only 10% of companies in the private sector

<sup>33</sup> [http://news.kathimerini.gr/4dcgi/\\_w\\_articles\\_economy\\_2\\_10/04/2013\\_516884](http://news.kathimerini.gr/4dcgi/_w_articles_economy_2_10/04/2013_516884)

are members of an employer organisation and thus obliged to comply with sectoral collective agreements. There are no more than 14 valid collective agreements at sectoral level covering about 300.000, while the wages of 70% of all employees are in line with or below the minimum threshold set by national collective agreement (586 euros and 510 for new entrants in the labour market up to 25 years old)<sup>34</sup>. In this depressive employment landscape both the risk of unemployment is extremely high and the actual wage cuts exceed sometimes the level of 50%<sup>35</sup>.

Quite alarming are also the estimates by INE/ΓΣΕΕ that after 14/5/2013<sup>36</sup>, the actual percentage rate of workers covered by individual agreements with their employers will reach the level of 80%. Related to this development is the fact that about 1.000 company level agreements were concluded in the period between October 2011 to December 2012. The vast majority of them (80%) were not concluded between individual employers and trade unions, but with employers and 'association of persons'. Once more, the level of income losses for workers was great. Roughly speaking and according to certain estimates, for most of workers the respective rate of loss was between 40% to 50% (INE/ΓΣΕΕ, 2013). Those developments should be considered as predictable in the sense that labour law reforms have resulted in the corrosion of four basic institutional tools that facilitated the participation and intervention of trade unions in the area of collective bargaining.

Specifically, the corrosive character of collective bargaining system includes the following elements:

- 1) The abolition of the favourability principle<sup>37</sup> according to which each employee used to be covered by the most favourable collective agreement related to his job contract. So if for example employment terms and conditions are based on workers' company level agreement if this agreement was more protective (and thus favourable for them) than the respective signed agreements at sectoral or national level. Article 2(7) of Act 3845/2010 stipulated that the terms of occupational and enterprise agreements could derogate *in pejus* (that is, in a downwards direction) from the terms of sectoral agreements and even the national general collective agreement. This regulation had a clear objective to move wage determination process closer to the company level and thus decentralize collective bargaining.
- 2) The abolition of Ministerial Decisions that used to force all employers at sectoral level to respect and follow the outcomes of collective bargaining in order to avoid cases of social dumping and asymmetrical competition at sectoral level. The replacement of collective negotiations with a statutory minimum wage leads to the reduction of wage levels but also reduces even further the role of the trade unions in the Greek system of employment relations.
- 3) The abolition of trade unions capacity to resort to mediation mechanism (OMED) unilaterally and without the need to reach an agreement with

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<sup>34</sup> [http://www.express.gr/news/finance/678328oz\\_20130121678328.php3](http://www.express.gr/news/finance/678328oz_20130121678328.php3)

<sup>35</sup> [http://www.express.gr/news/finance/678328oz\\_20130121678328.php3](http://www.express.gr/news/finance/678328oz_20130121678328.php3)

<sup>36</sup> This is the date that a number of sectoral collective agreements expired.

<sup>37</sup> Art 7 of Act 1876/1990 and Art 680 of the Civil Code.

employers to do so. This rule was a guarantee that there will be a collective standard of protection for all employees across the economy.

- 4) The abolition of State's commitment to provide funding to trade unions in order to serve their purposes and activities.

The main pressure of Troika to Greek government has been for a decentralisation of arrangements, in particular providing greater scope for bargaining at company level, flowing from the differential distribution of product market uncertainty between firms and associated differential exposure of workers to labour market uncertainty. To that direction, a radical adjustment of the wage floors was required by the Troika on the basis that these would 'help ensure that as the economy adjusts, and collective bargaining agreements respond, firms and employees do not find themselves bound at a lower limit (and a limit which is very high in international comparison)... these measures will permit a decline in the gap in the level of the minimum wage relative to peers (Portugal, Central and South-East Europe)' (MoF, 2012).<sup>38</sup>

The removal of a protective framework for collective bargaining at national and sectoral level and the enactment of institutional barriers to trade unions' intervention took place on a step-by-step basis since May 2010. It is perhaps the most serious attack on workers' rights, but it is not the only one. Other significant changes include the following:

- Under Act 3845/2010 new regulations in the areas of dismissal compensation, collective redundancies, overtime costs, young workers minimum wages and flexible forms of employment were put in place.
- Article 1 of Act 4093/2012 reduced severely redundancy costs by setting the necessary warning in shorter period (from 6 to 4 months) and by reducing the compensation payments for those who have 17 years of service to the same employer to 12 monthly salaries. The respective reduction of compensation payment is about 8% to 50% for those who have 17 years of working experience in the same employer.
- Under Article 75(2) of Act 3863/2010, the notification period for the termination of employment was reduced, no justification or to invoke a fair reason is needed and as a result of this the compensation for dismissal was also reduced significantly (up to 50%). Article 75(3) also provided that the compensation can be paid in two bi-monthly instalments.
- Article 74(1) of Act 3863/2010 specified that collective dismissals hereafter could take place when they affect within the period of one month at least six employees in businesses or undertakings with between 20 and 150 employees, or 5% of the workforce and up to 30 employees in businesses or undertakings with over 150 employees. By increasing these thresholds, managerial prerogative and initiative becomes stronger, as there is no obligation by the employer to ensure the right to information and

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consultation in cases that are below these limits. Troika is still not satisfied with the thresholds of collective dismissals in Greece and new legislative initiatives are in the pipeline.

- Under Article 17(5) of Act 3899/2010 the probationary period of employment contracts was increased from two to twelve months.
- Act 3899/2010 extended the duration of successive fixed-term employment contracts from two to three years. Further the possibility of three successive renewals was introduced and the scope of objective reasons for the use of successive fixed-term contracts became more flexible.
- New regulations provided more opportunities for implementing annualised hours schemes, as 'associations of persons' acquired the right to negotiate working time arrangements. An 'association of persons' can be created in enterprises with less than 20 workers by 15% of workers and in enterprises with more than 20 workers by 25% of the workforce.
- Under Act 4046/2012<sup>39</sup> the adoption and implementation of far-reaching structural reforms was accelerated. The implementation took place on the basis of a number of commitments undertaken by the Greek government for the disbursement of the second loan agreement with Troika.

Significant pressure is still exerted by the Troika with respect to the promotion of more radical labour market reforms including issues related to working hours (disconnection between working and operating hours in the retail industry, abandonment of the 40 hours – 5 days working week rule). Greeks have long before the crisis been workaholics, as they had the highest volume of working hours after the British male managers. Nevertheless the last time a general collective working time reduction took place was in 1983 despite significant developments in the economy since then.

Significant further cuts in pensions are also scheduled in 2013 and 2014 including the reduction of lump sum payments (εφάπαξ), the abolition of 13<sup>th</sup> and 14<sup>th</sup> monthly instalments linked to Christmas, Easter and summer breaks, tougher regulations for pensioners aged 67 years and older in order to get the welfare pension benefit because they did not have social security contributions. The last measure becomes extremely crucial if we realize the increasing number of unemployed older workers (55-64 years old) in Greece who may not be able to fulfil the requirements demanded for pension entitlements. The implementation of such reforms is a prerequisite for the continuation of negotiations with the Troika and the disbursement of the remaining installments of the loan agreements.

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<sup>39</sup> FEK A28/14.2.2012. Act 4046/2012 included as Annexes the MEFP, the Memorandum of Understanding on Specific Economic Policy Conditionality and the Technical Memorandum of Understanding). See also Act 6 of 28.2.2012 of the Ministerial Council (FEK A'38/28.2.2012) and Guidance by the Ministry of Labour and Social Security, (2012) 4601/304.

## Public sector restructuring

The authoritarian closure of the national TV broadcaster (ERT) that rendered almost 3,000 workers jobless overnight is simply the tip of the iceberg regarding the Greek government and Troika's marketization and neoliberal agenda. This agenda is partly implemented through State reformulation and restructuring exercises (privatisations, outsourcing, downsizing etc.) in a direction that strengthens marketization rules and increase social and economic inequalities. The Greek government in collaboration with Troika deliberately creates a precarious workforce without full citizenship protection and a limited State market environment in order to sustain a competitive export niche and foreign direct investment attraction in the global economy. Any policy response to mitigate precarity and free from State intervention circumstances has to take into account the actions of supranational and regional actors of IMF, European Commission, European Central Bank and the Federal German Government. This strategy has serious political implications.

The Greek government and Troika are using unethical sometimes tactics and strategies to build a social consensus regarding the oversized public sector and the urgent need to reform it. The attempts for that are related to mainstream media narratives of fat cats and powerful mandarin bureaucrats that should be dismissed at once as a token of cleansing process by a government committed to progress. Those narratives are far from truth, even if the way interactions between state, society, and market that created pre-crisis inequalities were filtered by clientelistic relationships developed between dominant political parties and government and to some extent by trade bureaucrats<sup>40</sup>. Besides, the parties that rule the country at the moment used to be in power since the fall of dictatorship in 1975.

The supersized public sector and the oversized respectively public spending are, to name a few, far from truth neoliberal bogus narratives that used by mainstream media and austerity policy supporters as main causes of the sovereign debt crisis in Greece. Nevertheless, the data from OECD and Eurostat prove that either the ration of public servants to the population was high or that public spending was excessive. More specifically, according to OECD statistics the rate of public servants in Greece to either total employment figure or total population did not exceed EE or Eurozone averages. Core public employment accounted in 2008 for 11.5% of total employment in Greece, or a 17.5% of wage employment.

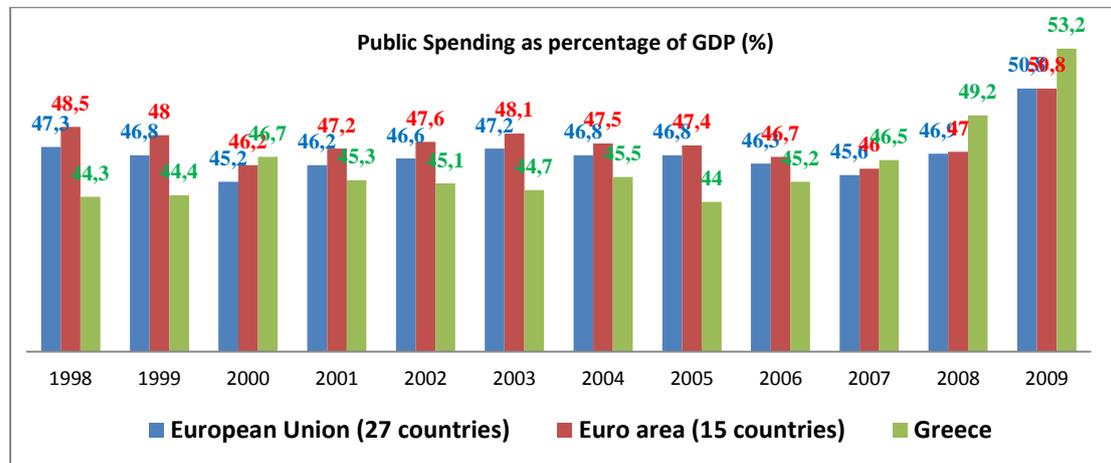
In comparison to other EE countries, according to OECD data, only Germany, Ireland and the Netherlands had a lower percentage of core public employment than Greece in 2004 (OECD, 2011). However, broad public sector employment accounted for a 34.3% of wage employment or a 22.6% of total employment in 2008. During the decade 1998-2008 core public employment contributed a 14.4% in the increase of total employment, while the share of private sector accounted for 71.1% of the total

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<sup>40</sup> Dedousopoulos (2013) rightly comments that public expenditure increased in the election years (2000, 2004 and 2007) indicating the operation of a political cycle through public spending.

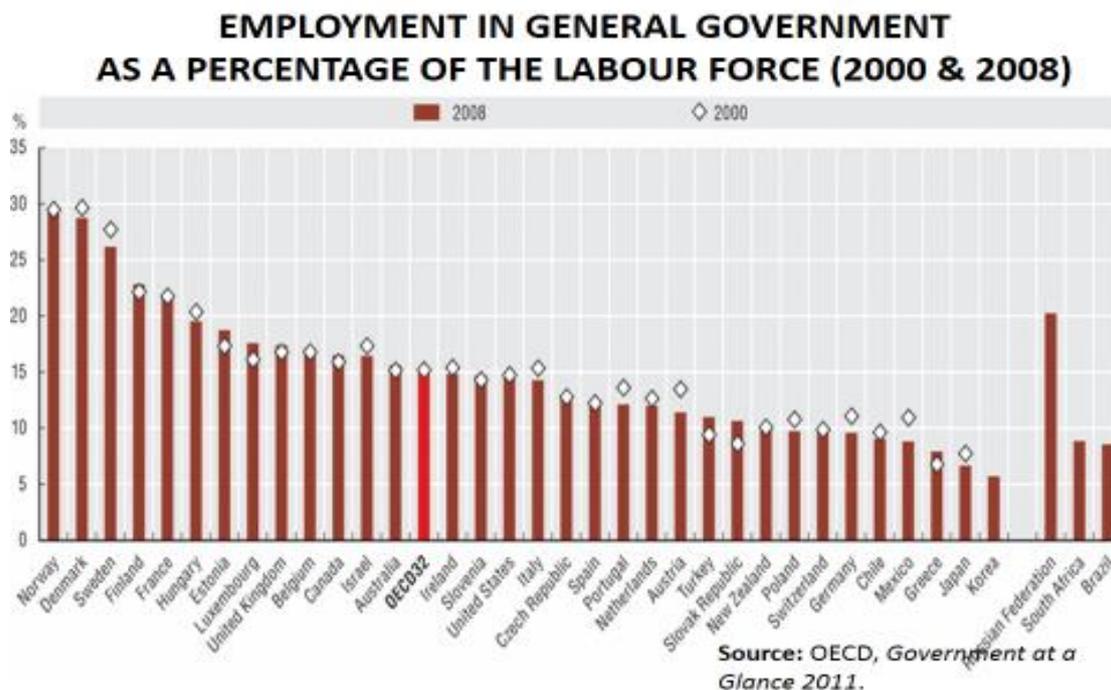
increase (Dedousopoulos, 2013). Further, public expenditure in Greece starts to rise only after 2006. Until then it remained at a level significantly lower than the average of the Euro-15 countries.

**Diagram 38: Public Spending in Greece and the EU, 1998-2009**



Source: Eurostat (2012)

**Diagram 39: Employment in Central Public Administration (as a % of the Labour Force), 2000 and 2008**



Source: OECD, *Government at a Glance 2011*.

As elsewhere (e.g. Thatcher era in Britain), public sector restructuring in Greece takes place on a step-by-step basis following an incremental process. The first task of Troika and Greek government was to implement changes in the regulation of work and the way wages and pensions are determined. In 2010 (Act 3833) for example reductions of 12% were imposed on the benefit payments for public servants/

municipality workers, while horizontal pay cuts of 7% was decided for workers in the broader public sector. Among other regulations, the Christmas, Easter and summer annual leave benefits were cut by 30%.

Further, a general rule of no wage increase was established. Act 3845/ 2010 further reduced benefit payments for public servants/ municipality workers by 8%, while wages of broader public sector workers were put down by 3%. The Act also specified the replacement of Christmas, Easter and summer leave bonuses by a benefit of 500 and 250 euros for Christmas, Easter and summer leave (provided that gross income is less than 3,000 euros).

In November 2011 the government decided the imposition of payroll cuts by 2.8 billion euros, through the introduction of new wage structure, the abolition of almost all types of benefits, the reduction of overtime and other forms of extra payments, the wage freeze related of payments related to seniority, the abolition of 13<sup>th</sup> and 14<sup>th</sup> salaries and the ban of wages increases linked to seniority entitlements. New basic wage rates in public sector have a ceiling of 1.134 euros for employees with primary education qualifications and 1.497 and 2.096 euros for employees with secondary and tertiary education entitlements respectively. Those policies have already paid dividends, as the table below indicates.

The data in the following table are immune from the wide variations in money pay rises due to varying levels of inflation, and so enables meaningful comparison of cross-country data. Money pay increases in public and private sector have been adjusted for inflation using the average annual rises for 2008, 2009, and 2010 in the Eurostat harmonised consumer price index data.

As it is evident, Greece is in the group of four 'outlying' countries, along with Latvia, Hungary and Romania, where the public sector has fallen more than 10 percentage points behind (Hall, 2011). In essence the countries that are subject to the conditions of IMF programmes for much of this period during the period (the IMF programme for Portugal was not applied until 2011) have the most striking differences in pay increase differentials between public and private sector.

**Table 13: Change (%) in real wages and salaries, Europe, 2008Q1-2011Q1**

	Business sector	Public sector	Public sector differential	IMF programme on board (in 2008 or 2009)
Bulgaria	21.8%	14.1%	-7.7%	
Cyprus	0.7%	2.9%	2.2%	
Czech Republic	2.2%	4.4%	2.2%	
Estonia	-12.3%	-12.2%	0.1%	
France	1.3%	1.6%	0.3%	
Germany	1.5%	1.9%	0.4%	
<b>Greece</b>	<b>-6.7%</b>	<b>-17.2%</b>	<b>-10.5%</b>	<b>2009</b>
Hungary	-0.9%	-21.2%	-20.3%	2008
Latvia	-13.1%	-26.8%	-13.7%	2008
Lithuania	-21.6%	-17.8%	3.9%	
Luxembourg	3.5%	3.7%	0.2%	
Malta	-5.3%	-7.5%	-2.1%	
Netherlands*q4	0.0%	4.0%	3.9%	
Poland	0.9%	7.2%	6.2%	
Portugal	1.4%	-5.0%	-6.4%	
Romania	8.9%	-25.1%	-34.0%	2009
Slovakia	3.4%	8.1%	4.7%	
Slovenia	5.9%	6.0%	0.1%	
Spain	2.8%	-2.5%	-5.3%	
United Kingdom	-7.7%	-6.6%	1.1%	

Sources:

- Eurostat Labour Cost Index - Wages and salaries – quarterly data - Seasonally adjusted and adjusted data by working days - Index, 2008=100 NACE 2.0 sector classifications (lc\_lci\_r2\_q). Downloaded 07-07-11  
[http://epp.eurostat.ec.europa.eu/portal/page/portal/labour\\_market/labour\\_costs/database](http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/labour_costs/database)
- Eurostat Harmonized Indices of Consumer Prices (HICP) HICP - all items - annual average inflation rate 2008, 2009, 2010 Downloaded 07-07-11  
[http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcod\\_e=tsieb060](http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcod_e=tsieb060) ; and PSIRU calculations
- Hall (2011); Hall and Kretsos (2013).

Significant cuts in wages will also emerge from the restriction in overtime working, the increase of working hours without simultaneous increase in pay (education)<sup>41</sup>, as well as the restructuring of seniority promotion rules. Besides the Medium Framework for Fiscal and Economic Adjustment programme promotes the reduction of public sector employment by about 80.000 jobs between 2013-16. This reduction is part of the third loan agreement conditional commitment to Troika. Further, the government has recently (May 2013) announced the redundancy of 15.000 public servants in 2013-14, while thousands are about to be included in temporary (supposedly) suspension and workforce mobility plans, as the government calls them. The government also pledged to place 12,500 public sector workers including school guards, teachers and municipal police into a "mobility pool" by the end of September, where they will have eight months to find work in other departments or lose their jobs.

According to relevant survey by pollster Metron Analysis for newspaper Ependytis opinions are divided on the scheduled public sector restructuring. More specifically, 47% of Greeks favour cuts to shrink the public sector but 50% think there should be no layoffs. A 62% majority objects to the proposed closure of municipal police services<sup>42</sup>.

The respective reforms (all inclusive legislation composed of 108 Articles!) are part of conditional commitment of Greek government in order to get the funding instalment by Troika that was decided early July in Eurogroup. Such developments take place in a time of urgency, as the demand for welfare and care services have dramatically increased in Greece due to the dynamics of unemployment, poverty and squeezing incomes. This situation is reflected with great intensity to certain areas, such as the national health system and education (see next sections).

#### **4. Poverty and Welfare State Retrenchment**

Greek society is free falling into an abyss of desperation and poverty. One out of seven people is fed by street clinics and NGO food banks, while more than 2 million people live below the poverty threshold with an annual income of less than 6.000 euros<sup>43</sup>. According to Household Expenditure Survey series the nutrition condition of the population has been seriously affected since 2010. The demand for wheat, bread has been increased, while respective demand for fish, vegetables and fruits has drastically been reduced. Not surprisingly Eurostat (2012) estimates the risk of poverty and social exclusion among population in Greece to be as high as 31% in comparison to 24,2% for EU-27. Almost 30,4% of children below 18 ετών face serious

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<sup>41</sup> This is something already implemented under the first memorandum agreement for the whole sector earlier (from 37.5 hours to 40 hours per week). Teachers were recently forced to work extra hours in order to support the commitment of Greek government under third memorandum agreement to get rid of thousands of ad hoc and adjunct teaching staff in secondary schools.

<sup>42</sup> <http://www.reuters.com/article/2013/07/13/us-greece-reforms-poll-idUSBRE96C07720130713>

<sup>43</sup> <http://tvxs.gr/news/blogarontas/i-eleytheri-ptosi-mias-koinonias>

poverty and economic hardship (27% in EU-27), while for adults 18-64 years old the respective rate is 31,6% (24,3% in EU-27 and 29,3% for older than 65 years old (20,5% in EU-27).

**Table 14: Risk of Poverty across EU-27 (below 60% of median income), 2009-2011**

	Total			Male			Female		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
<b>EU-27 (1)</b>	16.3	16.4	16.9	15.4	15.6	16.1	17.1	17.0	17.6
<b>Euro area (1)</b>	15.9	16.1	16.9	14.9	15.3	16.1	16.8	16.9	17.6
<b>Belgium</b>	14.6	14.6	15.3	13.4	13.9	14.6	15.7	15.2	16.0
<b>Bulgaria</b>	21.8	20.7	22.3	19.8	19.0	20.8	23.7	22.3	23.6
<b>Czech Republic</b>	8.6	9.0	9.8	7.5	8.0	8.9	9.5	10.0	10.6
<b>Denmark</b>	13.1	13.3	13.0	12.8	13.1	13.0	13.4	13.4	13.0
<b>Germany</b>	15.5	15.6	15.8	14.7	14.9	14.9	16.3	16.4	16.8
<b>Estonia</b>	19.7	15.8	17.5	17.5	15.4	17.6	21.6	16.2	17.4
<b>Ireland</b>	15.0	16.1	-	14.9	15.9	-	15.1	16.2	-
<b>Greece</b>	19.7	20.1	21.4	19.1	19.3	20.9	20.2	20.9	21.9
<b>Spain</b>	19.5	20.7	21.8	18.3	20.1	21.1	20.6	21.3	22.4
<b>France</b>	12.9	13.3	14.0	11.9	12.6	13.5	13.8	13.9	14.5
<b>Italy</b>	18.4	18.2	19.6	17.0	16.8	18.3	19.8	19.5	20.8
<b>Cyprus</b>	15.8	15.1	14.5	13.7	13.5	12.7	17.8	16.7	16.2
<b>Latvia (2)</b>	25.7	21.3	19.1	24.2	21.7	20.0	27.0	21.0	18.4
<b>Lithuania</b>	20.6	20.2	20.0	19.1	20.7	19.8	21.9	19.8	20.1
<b>Luxembourg</b>	14.9	14.5	13.6	13.8	14.6	12.7	16.0	14.4	14.5
<b>Hungary</b>	12.4	12.3	13.8	12.8	12.6	14.1	12.1	12.0	13.6
<b>Malta</b>	15.3	15.0	15.4	14.7	14.5	15.0	15.9	15.5	15.8
<b>Netherlands</b>	11.1	10.3	11.0	10.8	9.7	10.8	11.3	10.8	11.1
<b>Austria</b>	12.0	12.1	12.6	10.7	10.7	11.7	13.2	13.5	13.5
<b>Poland</b>	17.1	17.6	17.7	16.9	17.4	17.8	17.4	17.7	17.6
<b>Portugal</b>	17.9	17.9	18.0	17.3	17.3	17.6	18.4	18.4	18.4
<b>Romania</b>	22.4	21.1	22.2	21.4	20.7	21.9	23.4	21.4	22.5
<b>Slovenia</b>	11.3	12.7	13.6	9.8	11.3	12.2	12.8	14.1	15.0
<b>Slovakia</b>	11.0	12.0	13.0	10.1	11.7	12.8	11.8	12.2	13.1
<b>Finland</b>	13.8	13.1	13.7	12.9	12.4	13.2	14.7	13.8	14.2
<b>Sweden</b>	13.3	12.9	14.0	12.0	11.4	12.2	14.5	14.3	15.7
<b>United Kingdom</b>	17.3	17.1	16.2	16.7	16.4	14.8	17.8	17.8	17.6
<b>Iceland</b>	10.2	9.8	9.2	9.3	9.8	9.0	11.1	9.8	9.5
<b>Norway</b>	11.7	11.2	10.5	10.1	10.1	9.9	13.2	12.2	11.1
<b>Switzerland</b>	15.1	15.0	15.0	13.5	13.8	13.7	16.7	16.2	16.3
<b>Croatia (3)</b>	17.9	20.5	21.1	16.0	19.7	20.0	19.7	21.3	22.1

(1) Eurostat estimates, 2011

(2) Break in series, 2011

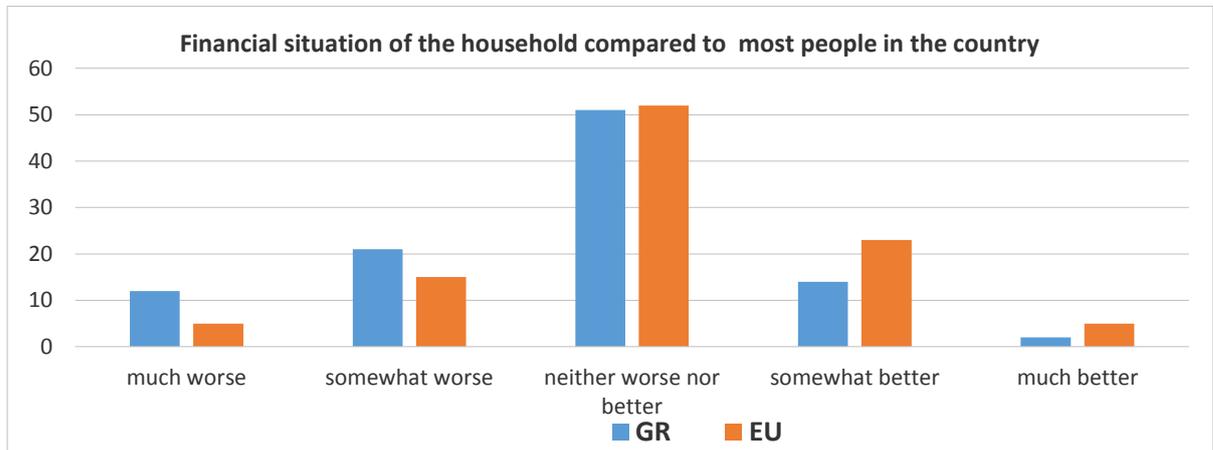
(3) Break in series, 2010

Source: Eurostat (online data code: ilc\_li02)

In a similar vein, the data on income and living conditions provided by the Statistical Service (ΕΛΣΤΑΤ) indicate that the most vulnerable and exposed to poverty risk population groups are the youngest (below 17 years, 23%) and the oldest (more than 65 years old, 22%). Nevertheless, unemployed people have the highest risk of poverty trap among the population (37%). This is because the issue of unemployment has strong roots in the Greek economy and the labour market is characterised by limited job opportunities especially now. Female workers also face greater risk than males to be found in the vicious circle of poverty.

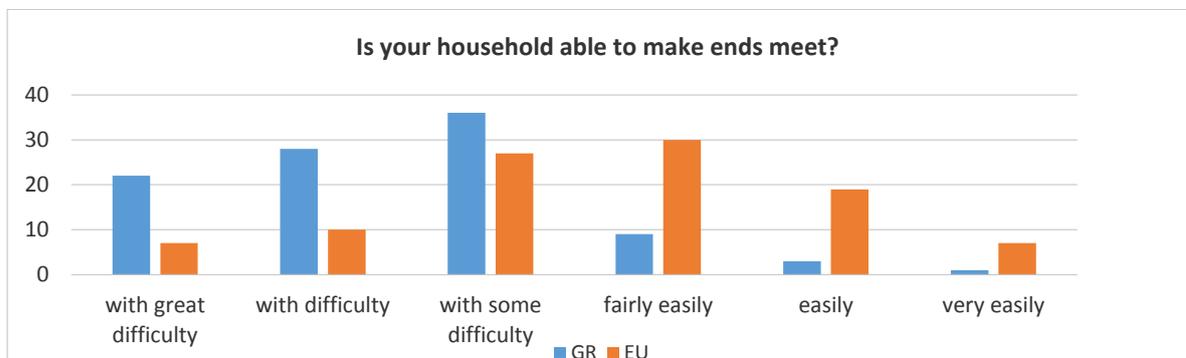
Relevant also study by the Foundation for Economic and Industrial Research (IOBE, 2012) accepts that the danger of poverty and social exclusion has interclass characteristics, as 6 out of 10 citizens in Greece state that they hardly make their ends meet. To a certain extent this development is reflected in the findings of European Quality Survey 2012.

**Diagram 40: Financial situation of Households in Greece and EU, 2012**



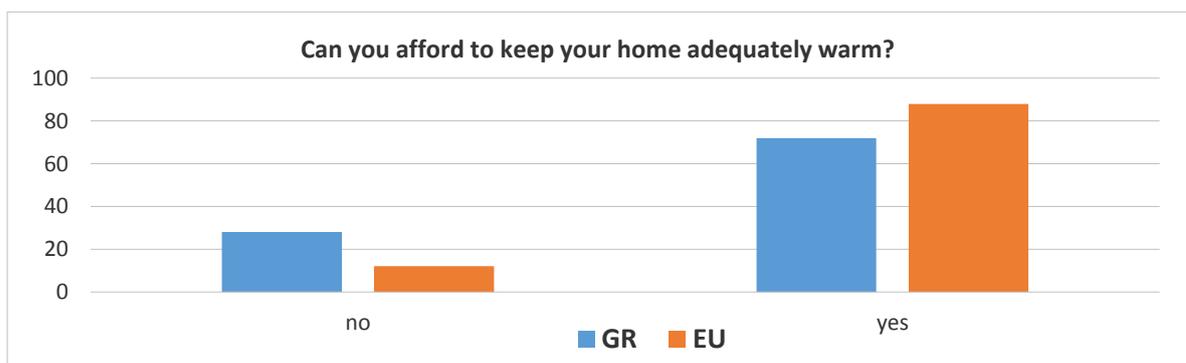
Source: European Quality of Life Survey 2012

**Diagram 41: Ability to make ends meet in Greece and EU, 2012**



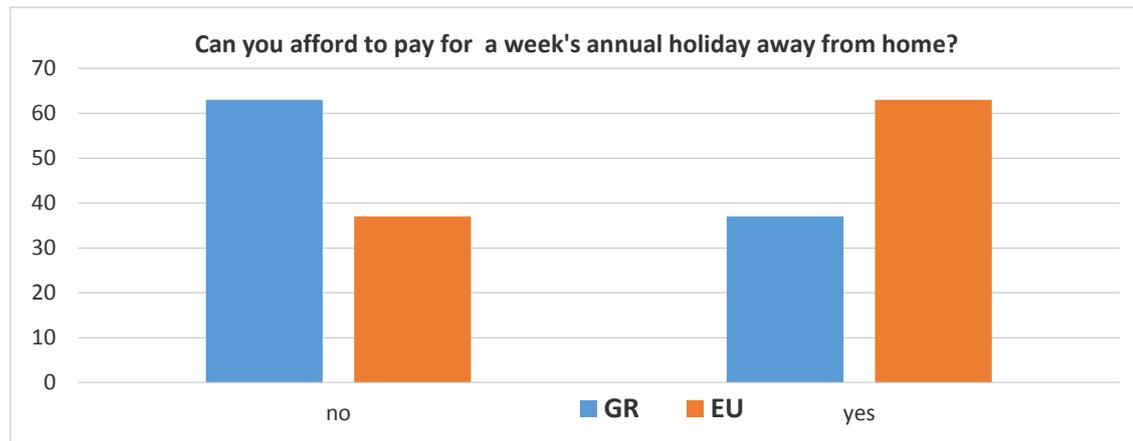
Source: European Quality of Life Survey 2012

**Diagram 42: Ability to keep the house adequately warm in Greece and EU, 2012**



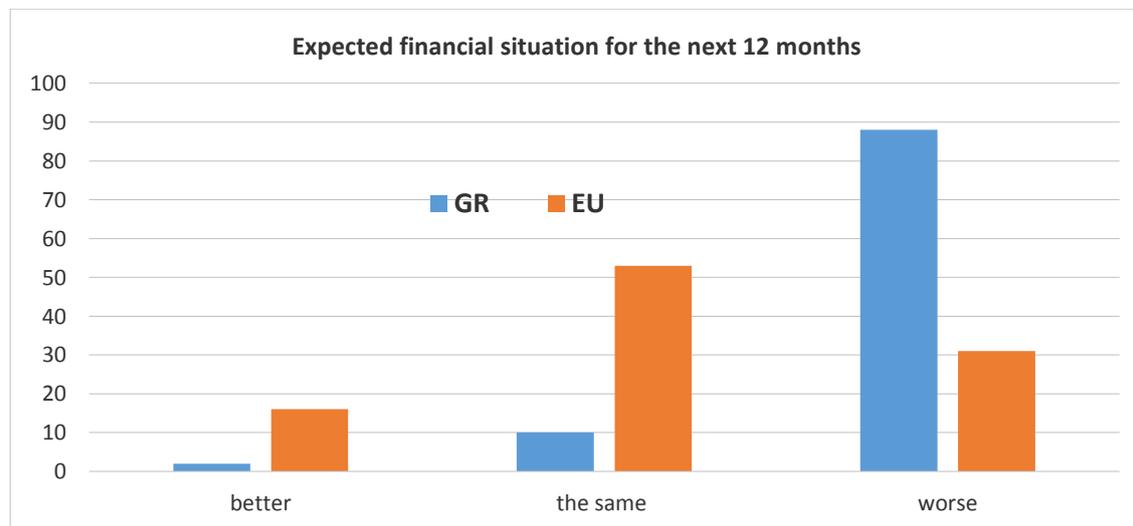
Source: European Quality of Life Survey 2012

**Diagram 43: Ability to go on holiday for a week in Greece and the EU, 2012**



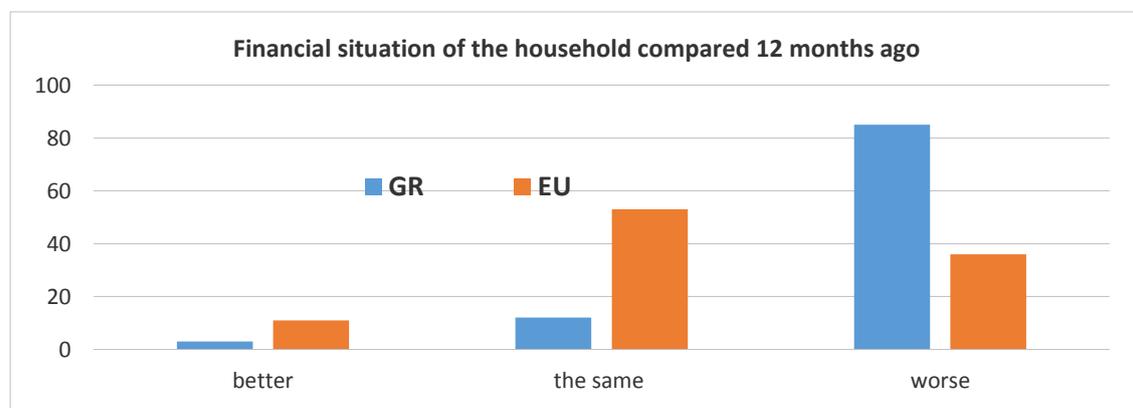
Source: European Quality of Life Survey 2012

**Diagram 44: Expected financial situation in Greece and the EU, 2012**



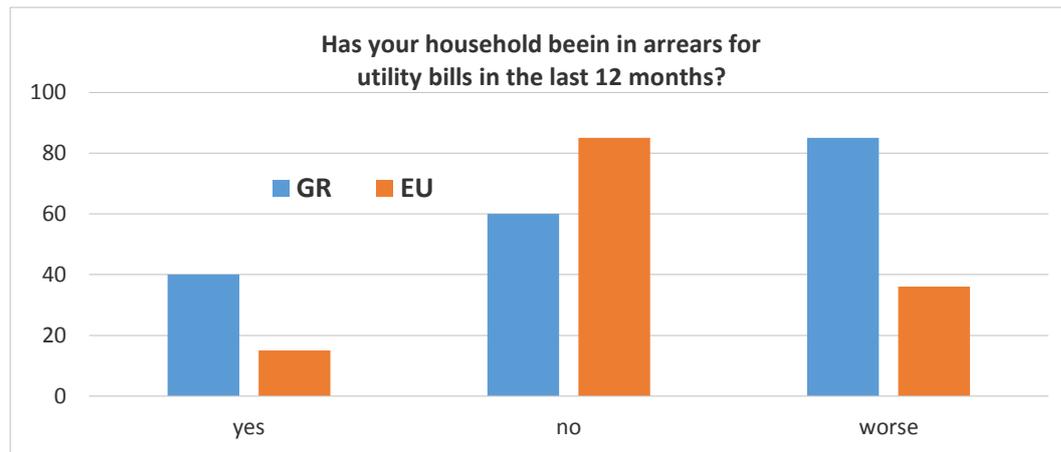
Source: European Quality of Life Survey 2012

**Diagram 45: Financial situation in Greece and the EU one year ago, 2012**



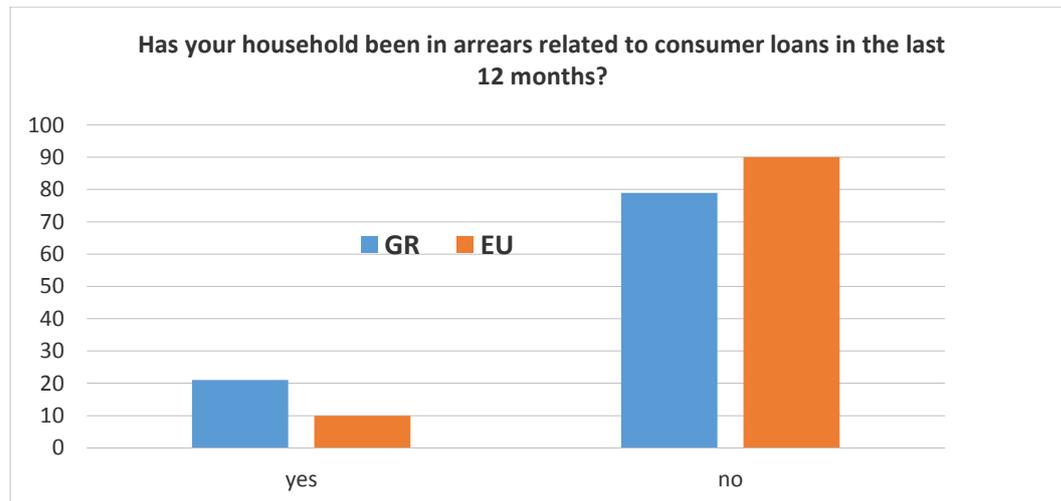
Source: European Quality of Life Survey 2012

**Diagram 46: Arrears for utility bills in Greece and the EU in the last 12 months, 2012**



Source: European Quality of Life Survey 2012

**Diagram 47: Arrears for consumer loans in Greece and the EU in the last 12 months, 2012**



Source: European Quality of Life Survey 2012

The situation in the working class suburbs in Athens and other big urban areas are identical to the image of Great Depression; Shanty towns, 4.000 recorded commit suicides since 2010 and heart-breaking stories, such as the recent death from carbon monoxide poisoning of two university students attempted to heat their home using an open stove. Those students had been forced to rely on crude heating by the excessive oil prices, which have tripled over the last two years. Definitely, there is no room for complacency. Such stories shows how serious, immediate and dramatic are the consequences of poverty to peoples' lives. The seriousness of poverty risk becomes stronger by the deeper understanding of the socio-economic context of Greece and the factors increasing poverty and social exclusion that have been exacerbated in Greece since 2010;

**First**, unemployment is rising, employment levels are going down and as long as recession and employer strategies continue to transfer risks and insecurity onto workers and their families there is no reason to expect more jobs and incomes (see the analysis above about employment and unemployment). Employers and the neoliberal State of Troika abuse the crisis to get rid of full-time employees, to send wages further down<sup>44</sup>, to dire economic prospects of youth and to dire social prospects in general, as family income is cut, the welfare state is retrenching and the intergenerational solidarity model is thus unable to function as it did in the past.

Indicative of this trend is the fact that private consumption that used to be the main driver of the high rates of growth achieved by the Greek economy in the 2000's has been reduced rapidly after 2008, as a result of sharp reductions in private dispensable income, due mainly to salaries and pensions reductions and increasing taxation levels and, of course, rising unemployment levels. In Greece the economic policy has centred on fiscal austerity and how to help banks – without necessarily reforming the bank practices that led to the crisis, or providing a vision for how the real economy will recover. As Siekmann (2011) notes: ... *Bailing out Greece was originally essentially bailing out French, Spanish and German banks and – what is often forgotten - their creditors. They were again salvaged without sufficient (legal) reason for shifting the burden of a default from (private) creditors to the taxpayer...*

The same way the emphasis of the current government is not to do something about the practices that led to persistent and high unemployment, but to remain focused on the individual characteristics of the unemployed by providing training vouchers and community work short-term jobs remunerated below the levels of the minimum wage. Nevertheless, the management of social misery to a level that will not spark a revolution or an uncontrolled social unrest will not boost growth and jobs.

**Second**, welfare state services and benefits are not enough to deal with the massive explosion of care needs of a dramatically growing population that live below or in line with the poverty threshold. For example, Greece has among the lowest unemployment benefits across the OECD area. In general, the welfare state itself had long before the crisis huge deficits in key programmes such as pensions and health (Guillén, A. and Matsaganis, 2000). Nevertheless, this deficit was not just simply the outcome of organisational unfit to protect vulnerable social groups. Greek welfare state was also under sourced in comparison to almost all countries across the old Europe (EU-15), as the diagrams below indicate.

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<sup>44</sup> The regulation of the abolition of the marriage allowance (which amounts to a 10% of base salary) in November 2012 is a typical example of this.

Diagram 48: How Profligate is the Greek State in comparison to other EU countries, 1998-2007

**How Profligate is the Greek State?**  
**Per Capita Spending on Social Protection Benefits**  
**1998–2007** (in euros)

	EU 12	Germany	France	Greece	Spain	Portugal	Ireland	UK
<b>Social protection benefits</b>	6251	7432	7350	<b>3530</b>	3669	2825	5308	7171
<b>Administration costs</b>	221	259	318	<b>102</b>	82	74	354	176
<b>Sickness / health care</b>	1782	2160	2157	<b>944</b>	1115	856	2148	2066
<b>Unemployment</b>	426	549	533	<b>191</b>	452	136	449	203
<b>Old age</b>	2428	2558	2778	<b>1646</b>	1404	1126	1167	3006

Sources: Antonopoulos, 2013

**Total Social Spending, 1998–2005**  
 (average level in percent of GDP)

	Greece	Germany	France	Ireland	UK	United States	OECD	Eurozone
<b>Total social spending</b>	19.71	26.59	28.68	14.89	20.07	15.36	20.09	22.97
<b>Unemployment</b>	0.4	1.65	1.65	0.9	0.33	0.35		1.38
<b>Health</b>	5.045	7.75	7.53	5.28	6.19	6.37	5.73	6.17
<b>Old age</b>	10.42	10.96	10.62	2.7	5.75	5.26	6.85	8.37

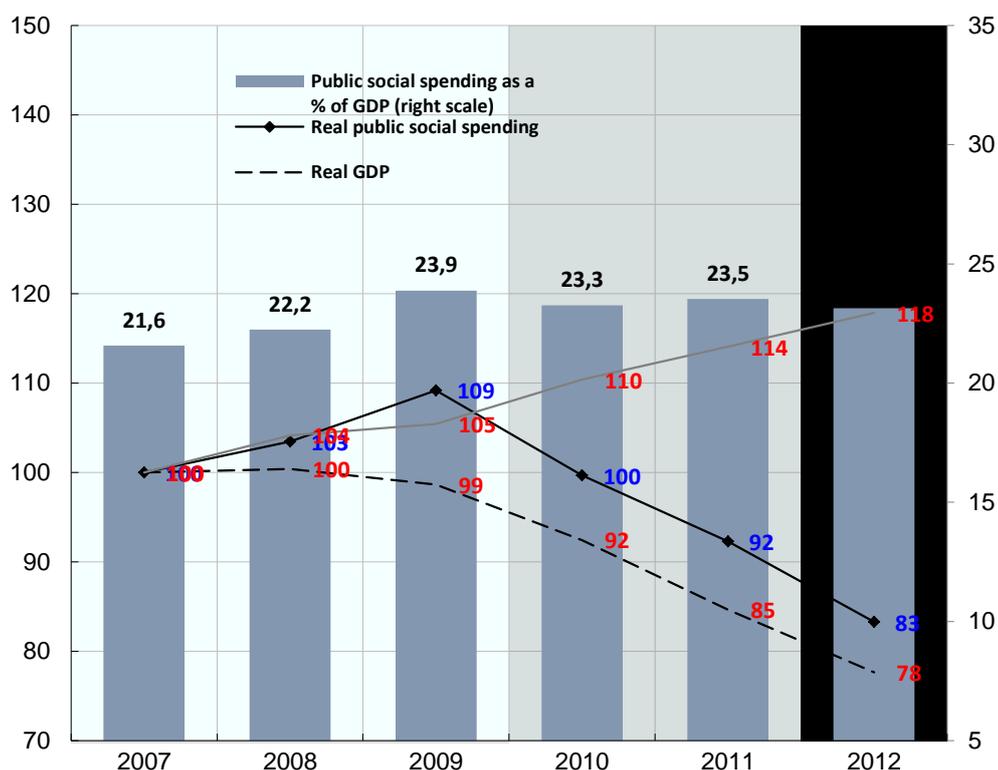
\* Includes Austria, Belgium, Finland, France, Greece, Germany, Ireland, Italy, Luxembourg, Portugal, and Spain.

Sources: Antonopoulos (2013)

Nevertheless, the way crisis is chosen to be managed by Troika and the Greek governments have deprived the welfare state of necessary resources, while at the same time set in motion sweeping austerity measures and budget cuts in social spending. Greece is exceptional in this obsession of government austerity. According to the OECD (2012) public social spending has increased to 22% of GDP on average across the OECD in 2012, up from 19% in 2007.

Rising spending-to-GDP ratios are due to a combination of governments increasing expenditure on social supports as unemployment and income support benefits but also because of GDP stagnating or declining in many countries. The OECD welfare spending report indicates after a calculation the changes in prices that real social spending has risen on average by around 10% since 2007/2008. Only Greece and Hungary had real social spending fallen by 14% and 13% respectively.

**Diagram 49: Social Spending Cuts in Greece and the OECD, 2007-2012**



Source: OECD (2012)

It becomes clear that the dominant policy orientations in Greece are servicing a model of massive povertization of Greek society. Typical examples of ongoing population's povertization tools are the increases on indirect taxes, the slashing benefits for public servants and pensioners, the devaluation of property prices, the precarisation of incomes and industrial relations, the inability of the State inspectorate mechanisms to control prices' inflation and market cartels, the privatisation of previously publicly delivered services or the outsourcing of many public services to private capital investors.

Not surprisingly, UNICEF's 2012 report states that in Greece there are about 439,000 infants and school children are malnourished<sup>45</sup>. Data from European Commission indicate that in 2011 30% of kids in Greece were at serious poverty risk living in families with no available income or households with income that is lower than 60%

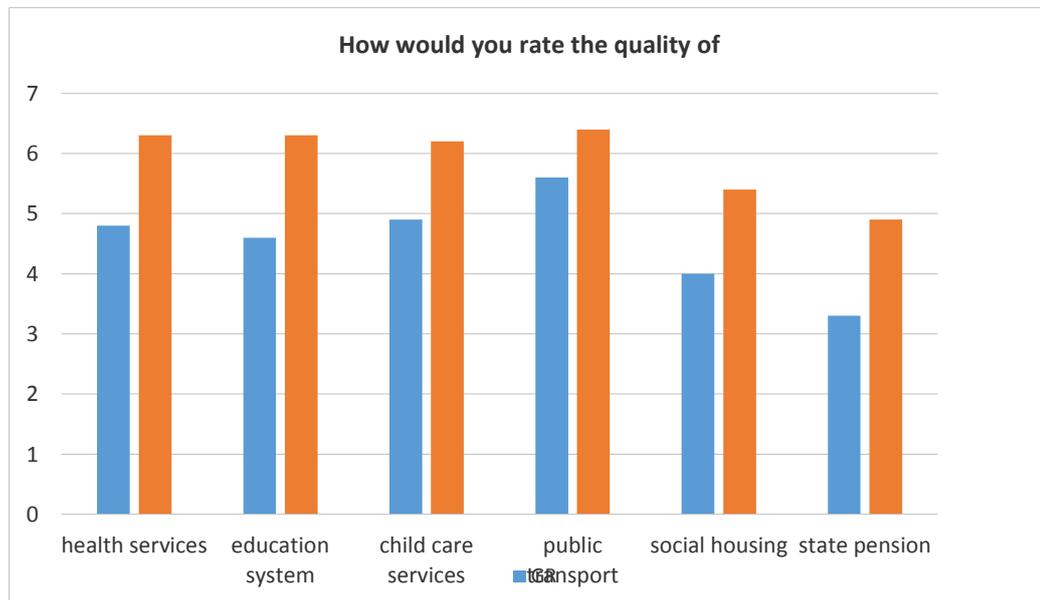
<sup>45</sup> <http://tvxs.gr/news/ellada/sto-23-i-paidiki-ftoxia-stin-ellada-symfona-me-ti-unicef> (accessed: 20 August 2013)

of the median income. It is estimated that in 2013 there are about 500.000 households with no income, while about 901.194 households and 2.341.400 are estimated to live below the poverty threshold (6.591 euros per person and 13.842 for households with two adults and two dependent children below 14 years old). Reported also suicides have also increased by 37% from 2009 to 2011.

In addition, the number of people who live near or under the poverty line has increased by 50% and now exceeds the 30% mark taking Greece on the second position after Bulgaria in the rankings. The number of homeless people in Athens has been estimated to exceed 30,000. In 2012, emigration, primarily by well-educated young people, increased by 78%. 3000 medical doctors have already immigrated to Germany alone since 2009.

Public services have worsened and at hospitals there are numerous cases of drugs and medical equipment shortages, and insufficient personnel. Such situation is putting the population's health in danger. Dismal conditions have developed in the education system as amalgamations and extensive staff shortages have structurally undermined not only the overall quality but also the simple provision of effective teaching. The diagram below indicates that people in Greece reject welfare state retrenchment and the governmental rhetoric that Greece is a success story. The divergence in responses with the European average simply indicates the gap of life satisfaction and social integration people in Greece have with their counterparts in the rest of Europe.

**Diagram 50: Quality of public services, 2012**

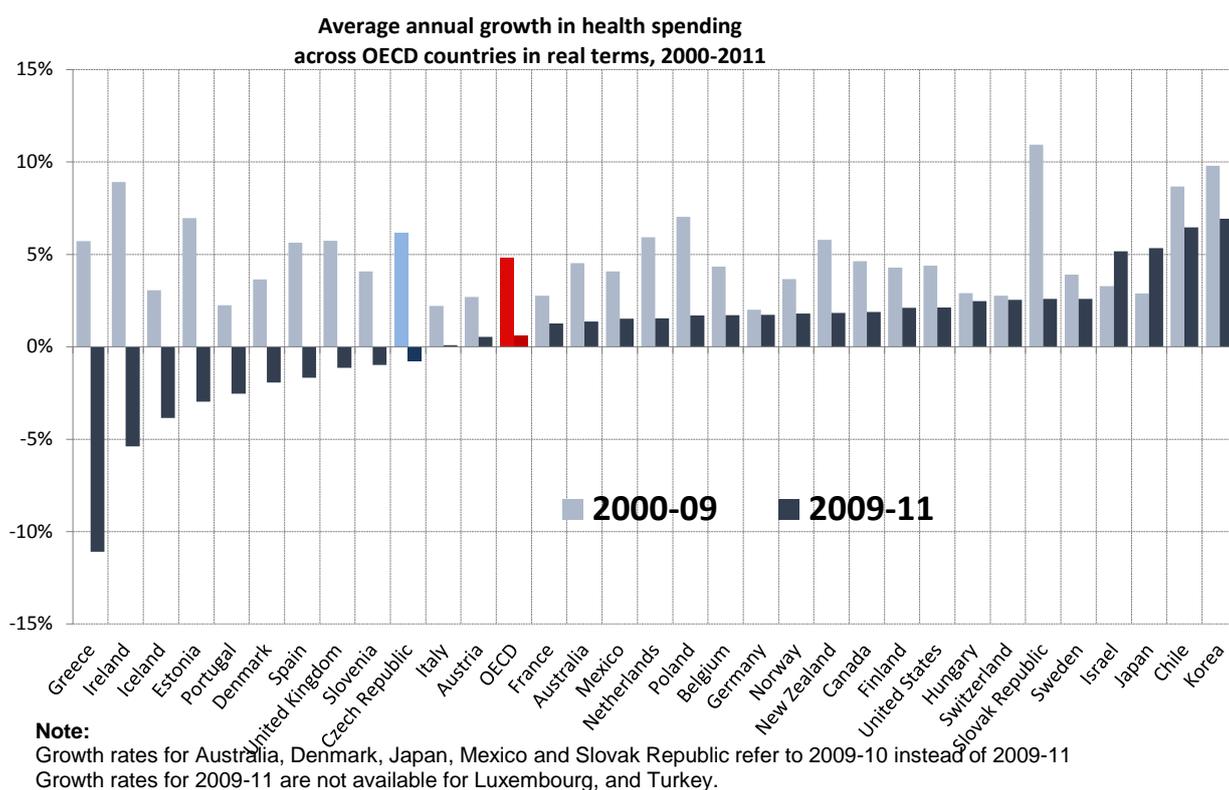


Source: European Quality of Life Survey 2012

## 5. Concerning Population Health Conditions

Greece has the highest reduction in health expenditure across OECD area. Total expenditures have been reduced by 11% from 2010 to 2011, while the respective reductions in drug prescriptions are about 13%. At the same time Greece has much lower rate of public spending on health services in comparison to OECD average (65% and 72% respectively). Further, OECD (2013) estimates that in Greece there are 3.3 nurses per 1000 people, while the respective rate across OECD countries is 8.3 nurses.

**Diagram 51: Average annual growth in health spending across OECD countries, 2000-2011**



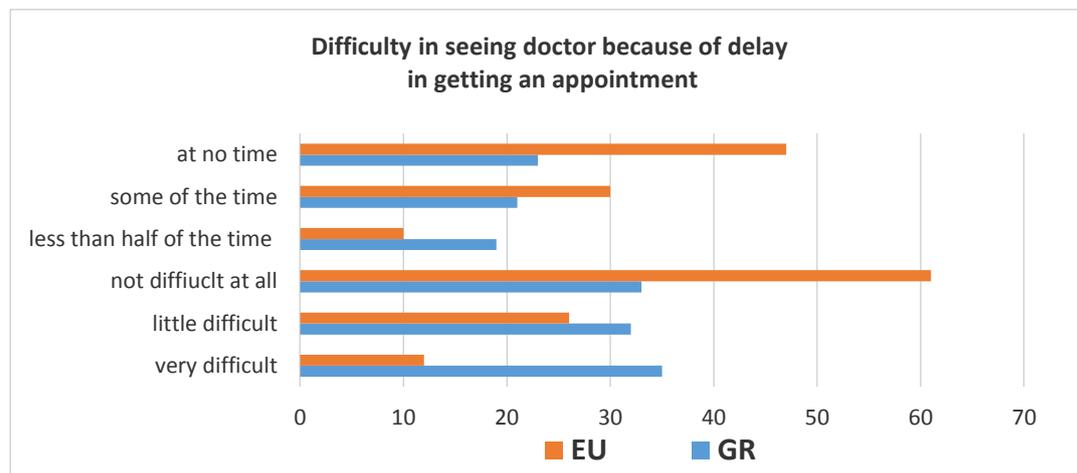
Source: OECD Health Data 2013

Nevertheless, significant cuts in health services sector are ongoing and tremendous. Staff shortages are estimated to be as high as 5.000 doctors and 20.000 nurses. Medical staff remains also underpaid and overworked, while budget cuts for administrative costs and drugs by 40%. Other austerity measures included abolition of bonus payments and drastic cuts in the salaries of health professionals working in the public sector, a freeze on recruitment of personnel at all public health care services, layoffs of temporary workers and those near retirement at public hospitals, and covering crucial vacancies with transfers of medical staff members from other institutions. Within the first 2 years of austerity the Ministry of Health's total expenditures fell by €1.8 billion (23.7% reduction between 2009 and 2011), while overall expenses of public hospitals declined by €0.74 billion (12.5% reduction from 2009 to 2011).

Contrary to the government’s argument that cuts in public hospitals’ budgets were the “positive result of improvements in financial management efficiency (e.g., procurement, logistics),” 25 recent official data revealed that reduction of public hospitals’ expenditures resulted from 75% payroll cuts rather than enhanced efficiency (between 2009 and 2011 payroll expenses of public hospitals fell by €0.56 billion, a 16.5% reduction). A further 8.3% reduction in the Ministry of Health’s and public hospitals’ budgets was expected in 2012 (Kondilis *et al.* 2013).

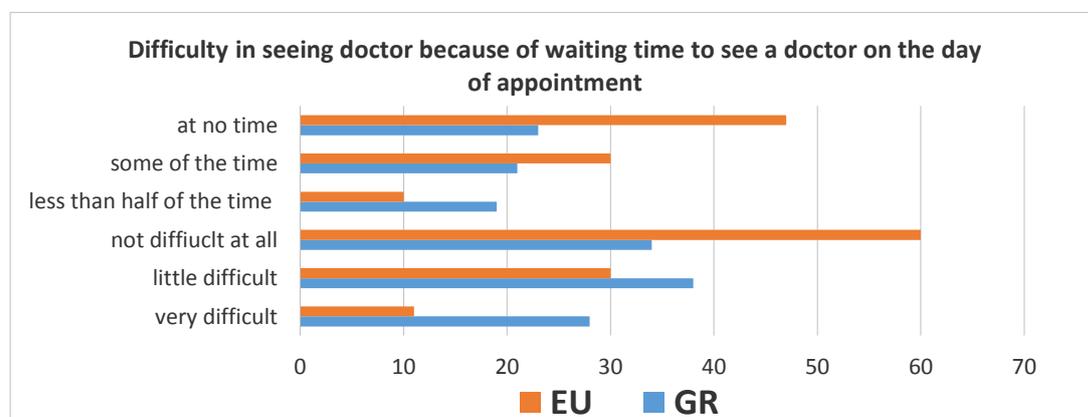
As a consequence, austerity policies have seriously damaged the ability of the national healthcare system (ΕΣΥ) to provide the appropriate in terms of quality and good timing services to patients. Indicative of this situation is the evidence by the latest (2012) European Quality of Life Survey regarding the difficulty of seeing a doctor either because of the cost or long waiting times or delays in getting an appointment. Again, the picture is bleaker in Greece in comparison to the European average rate and standards.

**Diagram 52: Difficulty in seeing doctor in Greece and the EU, 2012**



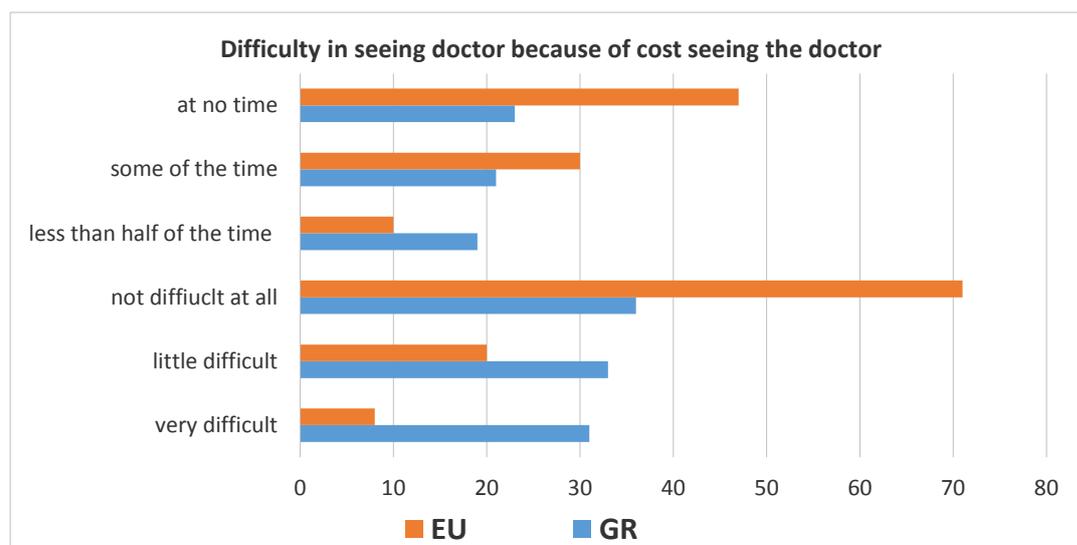
Source: European Quality of Life Survey 2012

**Diagram 53: Difficulty in seeing doctor on the day of appointment in Greece and the EU, 2012**



Source: European Quality of Life Survey 2012

**Diagram 54: Difficulty in seeing doctor because of cost in Greece and the EU, 2012**



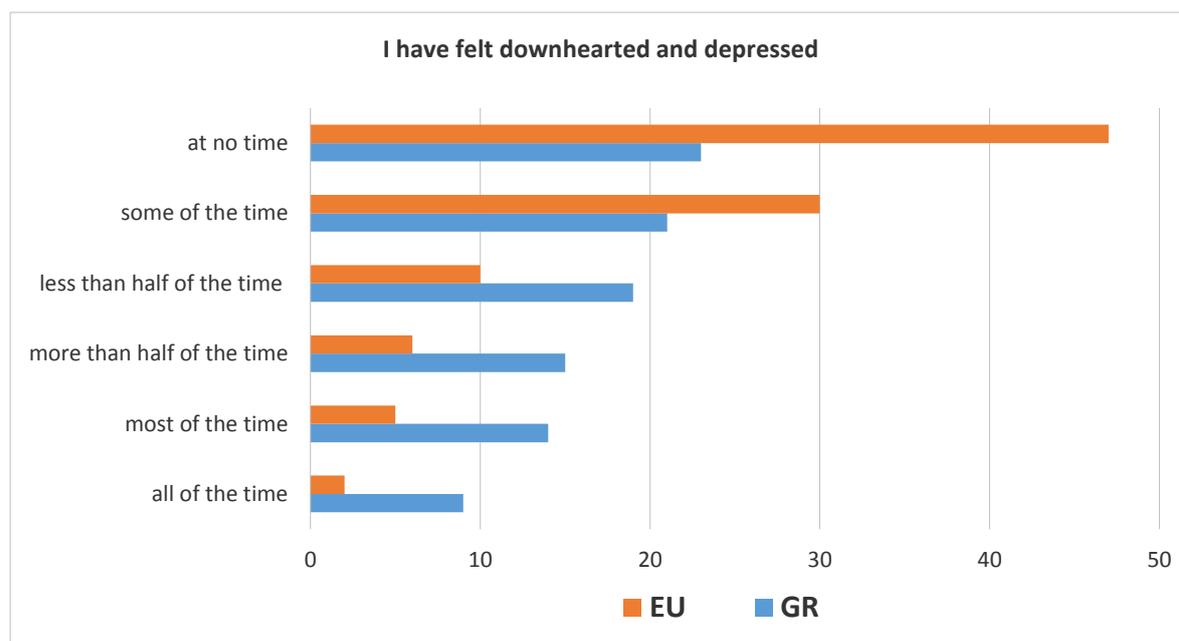
Source: European Quality of Life Survey 2012

Despite deteriorating health conditions, cutbacks occurred in government financing of public services, as the Ministry of Health's total expenditures fell by 23.7% between 2009 and 2011. Patients also decreased their use of private medical facilities due to unemployment and loss of personal income. As a result of the devastating reforms by the government, utilization of the already-stressed public inpatient and primary care services rose by 6.2% and 21.9%, over a two-year period, while the Ministry of Health's total expenditures fell by 23.7% between 2009 and 2011 (Kondilis *et al.* 2013). For example, the budget support for mental health organisations is supposed to be cut by 55% in comparison to 2011<sup>46</sup>.

In light of those developments it is possible to argue that more detailed research based on reports that include the study of epidemiological indicators and data on hospital admissions, including mental health problems and the status of vulnerable groups will provide us more concrete evidence about the concerning health situation of the population in Greece. According to a relevant study by Kentikelenis *et al.* (2011) there was a dramatic increase in commit suicides by 17% to 25%, a significant increase in HIV diseases (with incidences of deliberate self-infection by individuals to obtain access to benefits of €700 per month and get a faster admission onto drug substitution programmes) and a dramatic rise in the proportion of the population seeking medical attention from their street clinics (from 3% to 4% before the crisis to about 30% in August 2011). Such concerning issues are also reflected in other studies. According to the European Quality Life Survey 2012 depressive feelings are constant for a significant part of the population.

<sup>46</sup> See <http://www.avgi.gr/ArticleActionshow.action?articleID=668450>

**Diagram 55: Feelings of depression in Greece and the EU, 2012**



Source: European Quality of Life Survey 2012

In a similar vein, the relevant study by ΕΠΙΨΥ (2012) suggests that one out of two people in Greece feels depressed and have melancholic feeling on a daily basis for at least two weeks, while 20% of people with significant economic difficulties make suicidal thoughts. Besides according to the pioneering study of Stuckler *et al.* (2009) for every 1% increase in unemployment level there was a 0.79% rise in the suicide rate among people aged less than 65 years across 26 European Union countries between 1970 and 2007.

Further, when the authors looked at the effect of mass unemployment (more than a 3% rise), the increase in suicide rate among those aged less than 65 years was 4.45% (95% CI 0.65 to 8.24). In addition, there was a 28% increase in deaths from alcohol abuse. Despite potential limitations of the findings of the study it is obvious that governments and especially in long suffering Greece has to stop austerity programmes, because the indication of the mortality effects is strongly correlated with changes in employment during economic downturns.

The crisis and the policies followed after its upsurge has put at serious risk not only the working and living, but also even the health conditions of the population. Since 2010 the number of new births has declined, while life expectancy has been reduced by 3% and child mortality was increased for the first time in the post-war period. The fragmentation and decomposition of ΕΣΥ, despite the growing demand for health services, as well as the increased number of precarious workers with no health insurance entitlement transfer the burden of the crisis to the shoulders of the population. The Department of Health has schemed to replace the ΕΣΥ in an effort to adopt a US-market led and primarily cost-conscious style healthcare system coming in by the back door provoking a genocide incidence in a peace period.

## 6. Public Education at risk

During the last two years the proportion of public spending in education has been reduced by 16% approaching the level of 2,5% of the Gross Domestic Product. As a result a number of performance indicators in the area of education has worsen. Typical examples include overcrowded classrooms, lack of necessary teaching materials and understaffing academic institutions and schools. Almost 2000 children were left out from State childcare facilities last year in Athens due to relevant budget cuts at a period that wages suppression has increased the demand for such services by 40%. Further, 70% of schools and kindergartens face serious challenges due to serious shortages in material and staff resources.

Further, the implementation of school mergers plan increases the pressure under which education professionals in the public sector are asked to perform. Similar policy orientations at tertiary education have paralysed academic institutions. It has further challenge the country's research and development capacity. The Ministry of Education provides less access to resources to the universities needs in order to operate functionally in the current competitive environment (-50% public transfer since 2009). The Revised Medium-Term Fiscal Strategy Framework has set the target of cutting 162 million euros in 2013-14 and significant cuts in 2015.

Those cuts are supposed to be delivered by the so called Athina Plan that in practical terms is driven by strict cost considerations achieved through merging academic institutions, reducing administrative costs and payroll. The first outcomes of this policy initiative are the reduction of the university students in 2013 by about 25% in relation to the academic year 2011-12. The Athina Plan is in line with OECD guidelines and reform recommendations<sup>47</sup> according to which Greek education system lags behind many OECD countries and is composed of network of thousands of comparatively small schools and numerous universities that operate without external assessment of learning or external evaluation mechanisms. According to Athina Plan the merge of schools and academic institutions will allow the government to pass real estate assets to the newly founded under Troika command Fund for Privatisations (ΤΑΙΠΕΔ).

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<sup>47</sup> Strong Performers and Successful Reformers in Education: Education Policy Advice for Greece, OECD: 2011, <http://dx.doi.org/10.1787/9789264119581-en>

## Epilogue

Greece has become an international point of reference and analysis due to its unfortunate pioneering role in the course of the current economic crisis. The country was priced out of the international bond markets almost five years ago. Debt resolution mechanisms and policies promoted by the successive Greek governments and Troika have seriously tested State's commitment to raising human rights standards and stamping out abuses wherever they occur. Greece is stepping back from human rights. The burden of adjustment was not at all shared equally across the Greek society.

Current report was planned to sketch out briefly the basic story of Greece in terms of three main areas of liberalization/ marketisation policy: (1) industrial relations and labor market regulation; (2) welfare reform; (3) public sector restructuring. Today it is widely accepted that Memorandum and loan agreements with Troika have failed to achieve their targets, mostly with regard to public debt reduction, and to anticipate the depth of recession it created. Public debt as a proportion of GDP increased dramatically, unemployment increased to extremely high levels (approaching 30%) and social misery has spread across the country.

The crisis acted as a catalyst for the implementation of neoliberal policies that promoted a serious humanitarian and political crisis across the country. As elsewhere, the therapy proved more dangerous than the disease. The imposed austerity policies have made the future of Greek (and gradually European) economy and society total dependent to international lenders without any signs of hope for the people.

Austerity is not only an anti-democratic way of view of the current crisis, but also an ineffective one. The Greek case shows that capitalism instability can not be solved by more austerity and institutional decomposition and a repressive State. Nevertheless, **Greece is not the exception. Greece together with other countries should demand a stop in austerity as a way out of the crisis today.** The 'exit strategy' from the crisis should not be presented as a fiscal group of measures, but it should guarantee, on the basis of democratic processes, social progress and the continuous improvement of living and working conditions. The previous global economic crisis was resolved by breaking the militancy of trade unions, by ensuring that more workers will work harder or found themselves employed under precarious jobs and get mortgages to survive.

Financial institutions exercise more power over workers and even States today, keeping them both under control by the control of investment decisions and complex power structures and loan agreements where democratic institutions can not influence how decisions making is made. Frustrated populations by harsh austerity demand radical change based on a new social vision, a new imagination of resistance and a new political space left to people to create alternatives to existing order.

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