CRISIS, AUSTERITY AND LABOUR MARKET ADJUSTMENT IN GREECE
Trade union overview on recent developments

Zoe Lanara
GSEE International Relations Secretary

Worker's rights and income are being pushed down into what GSEE president Panagopoulos called 'a bottomless pit of Troika demands' matched only by the Government's submissiveness that effectively exile Greek workers out of European social and political civilisation.

The full implication of this statement emerges when one considers the successive rounds of austerity and taxes alternating with IMF style 'structural' reforms that strip Greek workers and pensioners of their rights and income.

1. This week the government of Greece formally acknowledged that the IMF-EU-ECB representatives, collectively known as the 'troika" had requested the abolition of the National Collective Labour Agreement, which establishes universal minima for salaries and other terms and conditions. The government said the move took them by surprise as it had not come up in previous discussions. The demand was apparently conveyed by e-mail to the Labour minister's office urging the government to take legislative steps and scrap away the national collective agreement should social partners disagree. The idea is to cut down labour costs via individual negotiations in the private sector as well. The implication is that failure to conform will impede the release of the upcoming "aid" installment that is under discussion at the moment. The National Collective Labour Agreement is enshrined in the Constitution. There is a unanimous uproar with all employer organisations speaking up in opposition and using unusually strong language. Notably, even employers[1] in their relevant statements emphasize that competitiveness in Greece suffers not because of labour costs but because of the deep recession that is alimented by the measures given that minimum monthly salary in Greece is significantly lower than there EU -15 average.

2. This development comes as the final blow in a grim 'reform' inventory of anti-labour and anti-union legislation. Among others, great pressure has been exerted on the Greece to eliminate sectoral agreements that crucially safeguard workers' minimum rights and replace them by firm level contracts (SFLCA)[2]. The EC[3] criticizes the government for not doing enough. We see a dramatic trend towards

[1] See attached press releases and statements.

[2] L. 3899/2010, art. 13 . Now any employer, under the threat of lay-offs, without due reason, can effectively force consent by a union on standards lower than those of the binding sectoral agreements. Equally he can unilaterally convert full–time work contracts to reduced term rotation work, the worst version of flexible employment. This induces a competition to lower standards of work by favouring "yellow" company unions.

[3] Directorate-General for Economic and Financial Affairs: The Economic Adjustment Programme for Greece, Third

individualized contracts mainly for reduced term rotation work, the worst form of flexible work. [4] Individual contracts negate the very concept of negotiation and undermine collective bargaining that is the core of trade unionism.

3. This weekend, yet another round of cuts was agreed by the Greek Cabinet. A fortnight ago additional austerity measures to be applied straight away were announced. These imposed new pension cuts, raised the number of civil servants to be suspended to 30.000 and lowered the tax-free limit on annual income to €5,000 from €8,000. Among others, the separate property tax imposed earlier this month to be levied through electricity bills as an extraordinary measure will be kept in place until at least 2014. The tax applies to all property owners[5], regardless of property value and income tax filing status. The unemployed, the disabled as well as persons on low pensions are required to pay at the same rates as the wealthy elite or else see their energy supply discontinued.

4. This round comes on top of last July's midterm plan of additional austerity voted under great protests from the people and the trade unions. The midterm plan almost doubled the scope of the existing belt-tightening measures: drastic budget cutbacks, further cuts in pensions and salaries, new taxes and €50 billion worth of express privatisations.

More may yet come in case this week the IMF-EC- ECB 'troika' inspecting team is not convinced to release Greece's next loan installment.

The tax tsunami that includes substantial increases in VAT and other indirect levies, along with the unending income drain, principally suffocate low wage earners, pensioners and other struggling Greeks. Nonetheless, the government appears unable to broaden the taxation base or to effectively address tax evasion.

Amidst the indignation and the despair that sweep the country, the first coherent reaction came from the trade unions. The Greek General Confederation of Labour (G.S.E.E) jointly with the trade union center for civil servants (ADEDY) has called a 24 hr general strike on October 19. On October 5 a 24 hr strike was organised in the public and the wider public sector and was successful.

The harsh, socially unfair and recessive measures taken in Greece are a precondition for the disbursement of the emergency financial aid from the IMF, the European Union and the ECB. These measures

---

Review - winter 2011, Occasional Papers 77, Brussels. P.32.

4 In just two months, full time employment contracts converted to reduced term rotation work contracts (effected by mutual consent) increased by 1.121, 45% and those effected unilateral employer's decision increased by 2.725% . Full time employment contracts converted to part-time contracts increased by 199 % . Reduced term rotation work that accounts for 21% of all new contracts. In all new employment contracts, full time employment contracts are reduced by 45,08% .Enterprises concluding new employment contracts were less by 10.32% .

5 Exempting churches, monasteries and other religious buildings, state-owned properties and factories.

strangle any prospect of development and sustainability. The income and the living standards of wider groups of the Greek population are irreversibly hit without any provision for social protection. Labour and social rights are violated against ILO core standards.

As Greece is being pushed to its limits and we, Greeks are taken as hostages for the rest of our lives once more the workers are being asked to pay for the crisis with consecutive rounds of "measures".

This savage exit strategy from the crisis is presented as an extreme necessity to save the country from bankruptcy. The agenda is based on severe austerity, sell-off privatizations and structural "reforms" mostly in the labour market. It is imposed with impossible deadlines and quantitative targets which were set a priori without taking into account the particularities and the structure of the Greek economy.

The austerity measures have been adopted hastily under the pressure of financial markets, without any consultation with the social partnerts. The process of constructive social dialogue has been effectively stalled.

Just like the Third World debt crisis in the 1980s or the Asian tigers crisis in the 1990s, once more the IMF strategy—this time together with the EU—is implemented regardless of the political and social impact. Greece firstly and other countries that are subject or can be subjected to the conditionality of the IMF/EC/ECB credit mechanism are being used literally as a laboratory to uproot working labour relations systems. A downward spiral is set in motion across Europe without any provision for social protection putting the burden on workers.

The visible results of the first year of austerity implementation in Greece to date fully justify our estimates that the medicine and the cure are worse than the disease. They reveal the complete failure of the shock therapy.

In fact, the conditionality of the EU-IMF loan mechanism traps Greece in a vicious circle where austerity breeds recession, followed by harsher austerity, new taxes and deeper recession.

- The shock therapy has failed to put Greece's finances on a sustainable route. It has damaged every indicator of the economy at huge human and social cost. It has only produced recession. It has failed to stabilize the Eurozone. Clearly, without growth there can no budgetary improvement. On the contrary: unemployment and bankruptcies increase, tax revenue falls and the justified resistance of the people grows.
- Unemployment is at unprecedented levels. The rate of unemployment has doubled in 3-year period between 2009-2011 registering a 95% increase between March 2008 –March 2011. We estimate that the official rate of unemployment will reach the 17%-18% in the end 2011 with the real unemployment between 22% - 23%. The number of the unemployed will exceed 1 million while 150,000 public jobs will be cut over the next two years. This pushes Greece back to the levels of the 1950s.

  - Unemployment is 42.5 % among youth. One out of two young people is unemployed.
  - Women are hit hard with a historical high unemployment of 17% (November 2010), considerably higher than the unemployment rate of men that is 11,6%.[6] Austerity has effectively widened the gender pay gap (approx. 20%).
  - For the first time in the postwar period Greece faces an employment crash: the number of the unemployed exceeds that of the economically active population.
  - Unemployment drains vital funds from social security funds. The predicted figure of 1 million unemployed will cause a severe drain on social security's resources amounting to 5 billion euros

- The drastic income loss has deteriorated fiscal indicators and suppressed domestic demand. Inflationary pressures intensify, demand is falling sharply small and medium sized enterprises, the backbone of the economy are pushed to bankruptcy. Thus any remaining production capacity of the economy is being destroyed.
- Among others, new unilateral provisions impose an increased compulsory unemployment contribution in wages universally. Oddly now, the State's obligation to social protection is transposed to workers.

In single year of the program's implementation, industrial relations have seen a qualitative and quantitative regression of at least two decades. Over the last 12 months, more than 100 legal provisions spread over a series of laws were enacted to effect drastic structural labour market adjustments.

We have timely brought to the attention of the ILO the permanent, unilateral, disproportionate and socially unfair measures that violate core conventions ratified by Greece. We argue that direct or indirect interventions in pay, in the autonomy of collective bargaining or in national wage formation systems cannot be justified by any crisis pretext. Measures should not irreversibly disempower workers and be imposed without effective social dialogue and adequate social protection.

Rather than Greece, the EU-IMF exit strategy aims to rescue eurozone banks from the impact of their irresponsible lending. Ultimately, we face a system that is inherently rotten, that of the new financial capitalism. The Greek debt crisis is surely rooted in domestic flaws. It has, however, become uncontrollable owing to the destructive drive of finance capital to maximize profits by betting on sovereign debts and the inability of the European Union to articulate a coherent response.

[6] 13,3% and 8,8% respectively in 2009

As long term deep social regression looms and under bankruptcy scenarios, the challenge is to reclaim our economies and lives, protect workers and assert our role as trade unions.