

# ***The Crisis in Greece: Austerity, Labour and the State of Emergency as a Path to “Market Confidence”***

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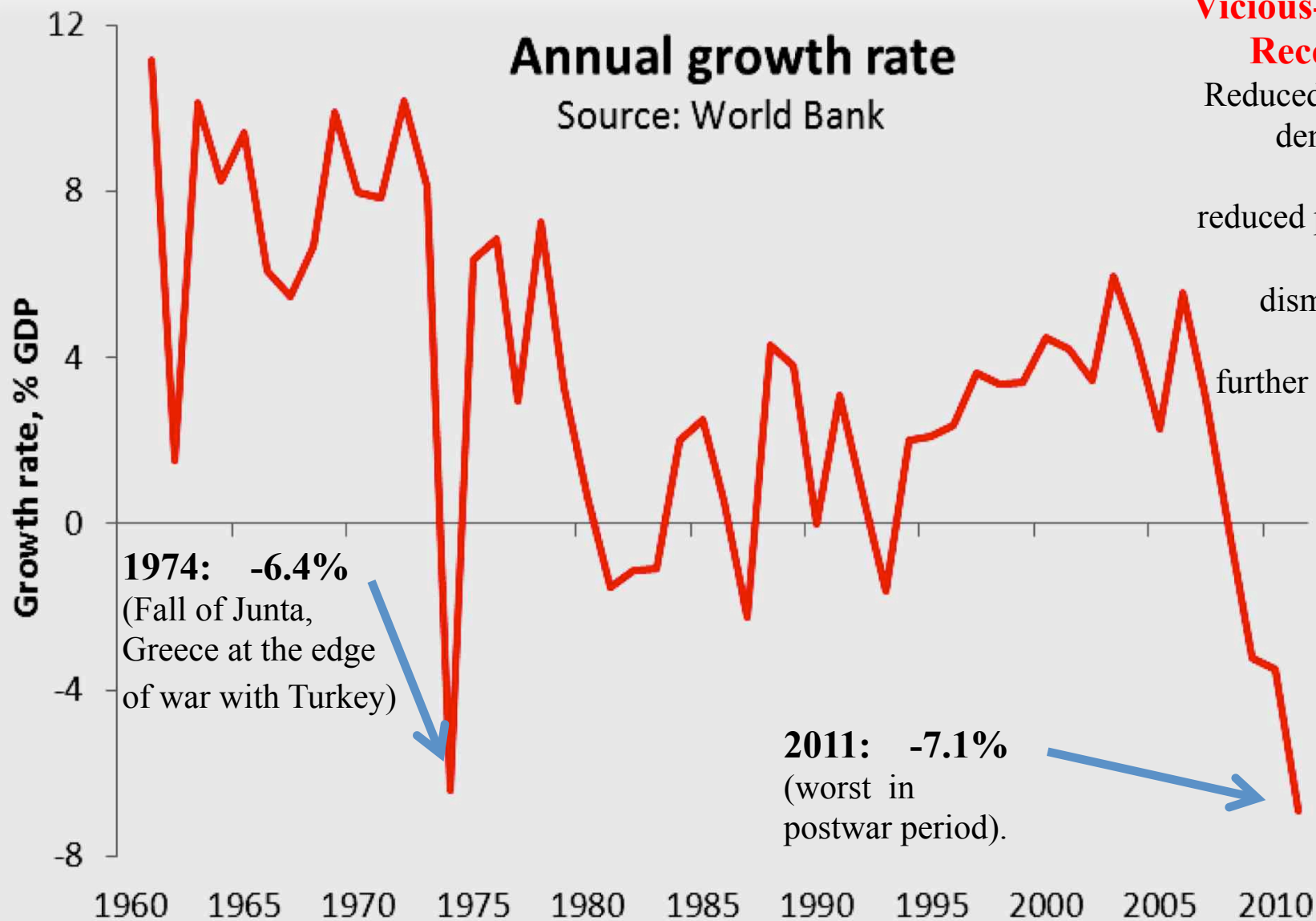
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Postwachstumsgesellschaften

## Memoranda Austerity Measures

- Wage/Pensions/Benefits **Cuts**: 20%-60%, **Emergency Taxes**
- “Labour Reserve” (form of **dismissals**) for thousands public employees
- Recruitments/Retirement Ratio fixed to 1 to 5, later **1 to 10**
- **Mergers and Closures** of public organizations and services
- Local Administration: **Dismissed personnel** in municipalities/mergers of smaller municipalities into larger regional units
- Public Education: **Mergers** of universities, technological institutes, closing down of various departments
- Public Health: **Mergers** of hospitals/health centers, bed reductions, reductions in medicine expenditure
- **Privatization** of State Assets and Publicly Owned Enterprises
- In enterprises under privatization: more than 40% of the **jobs were lost**

## Deregulation of Labour

- Enterprise-wide agreements override sectoral and national collective agreements → measures favoring individual bargaining
- Increased dismissals limit, shorter notice period, smaller severance pay, loose regulations about “unfair dismissal”
- Minimum wage for full employment reduced by 22% (32% for employees under 25 years old → 420 euro net income)
- Unemployment benefit reduced by 22% (360 euros max. for 400 days every 4 years)
- Legislation in favor of entrepreneurship, removal of environmental and other restrictions

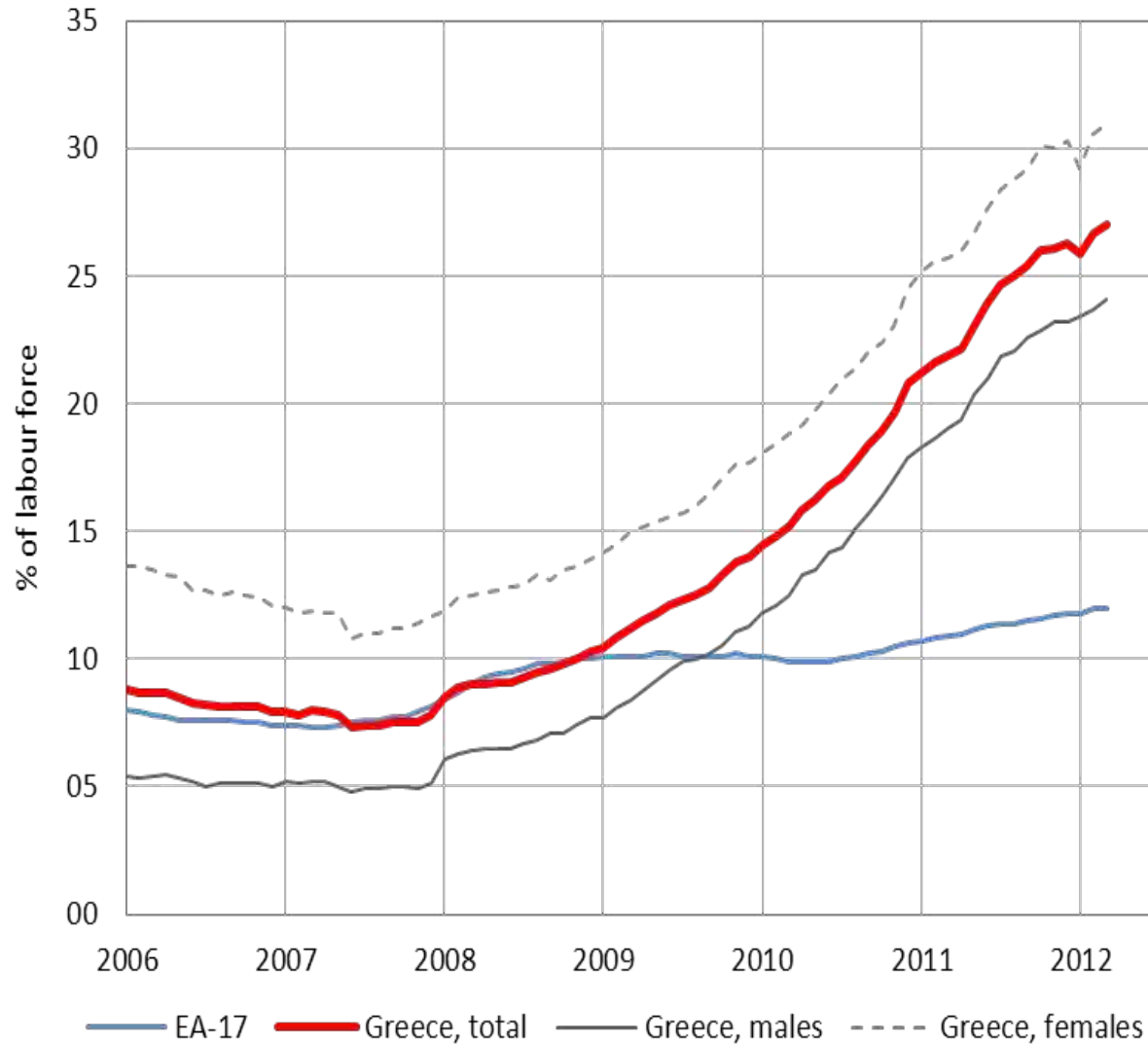


### Vicious-Circle of Recession

Reduced domestic  
demand  
↓  
reduced production  
↓  
dismissals  
↓  
further recession

# Total unemployment rate

Increasing unemployment is one of the harshest consequences of the ongoing recession.



Total unemployment more than **tripled** in 2009-2012

Women are more severely affected

February 2013:

Total: **27%**

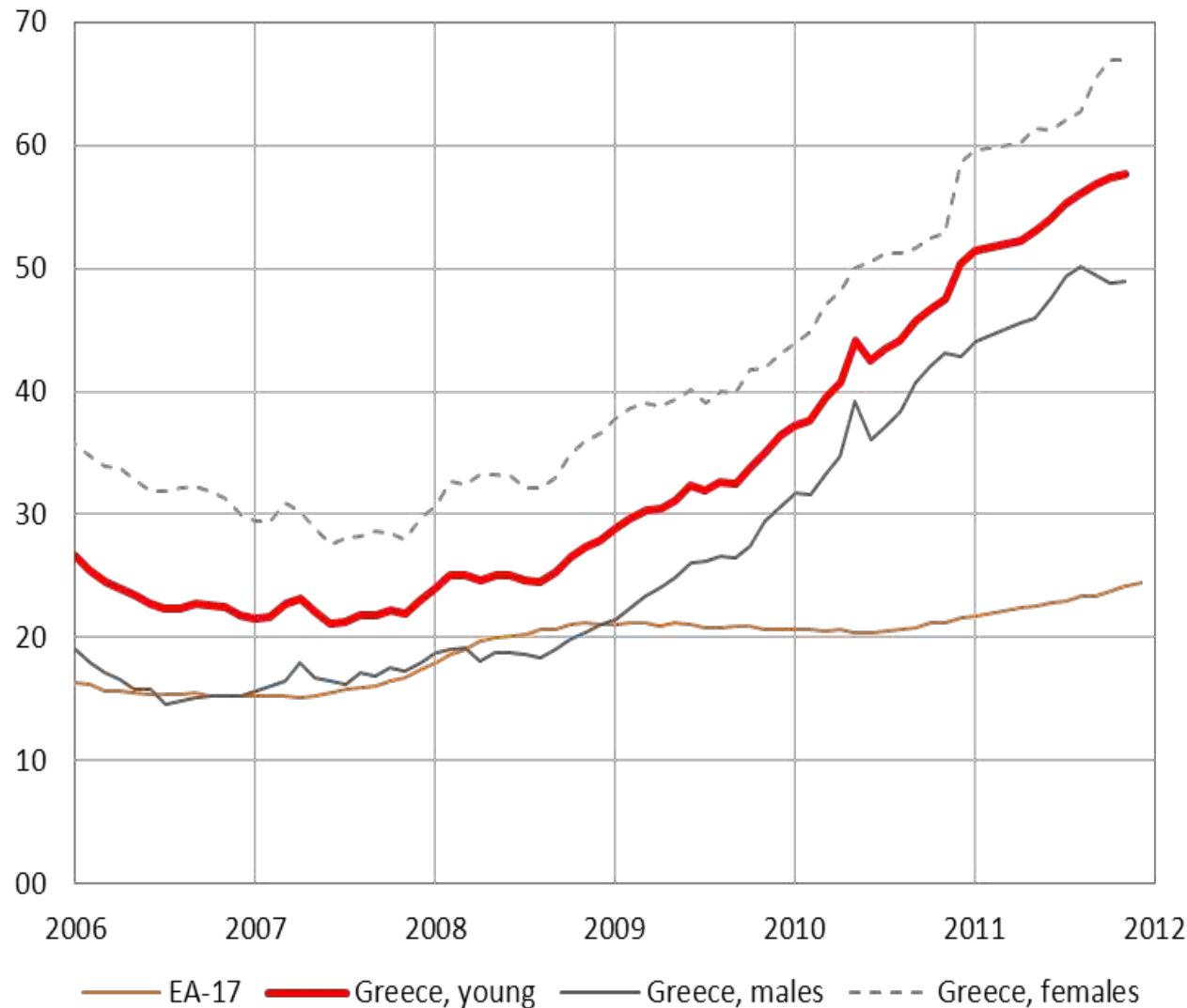
Males: **24%**

Females: **31%**

*Source: Eurostat 2013, seasonally adjusted data*

# Youth unemployment

People under 25 years old are in the worst position with respect to unemployment rates.



Youth unemployment reaches a shocking **62.5%** in February 2013

Again, young women are the most disaffected (**three in every four**, without a job)

More than **one in every two** young men are in the same position

*Source: Eurostat 2013, seasonally adjusted data*

# Chronic unemployment / uninsured labour

## Long term and very long term unemployment

- More than **1 in 2** unemployed are jobless for *more than one year* (from 4% in 2008 to 17% in late 2012)
- **1 in 3** unemployed has not worked for *more than two years* (from 2% in 2008 to 9.6% in late 2012)
- About **2 in 3** women without a job are long term unemployed

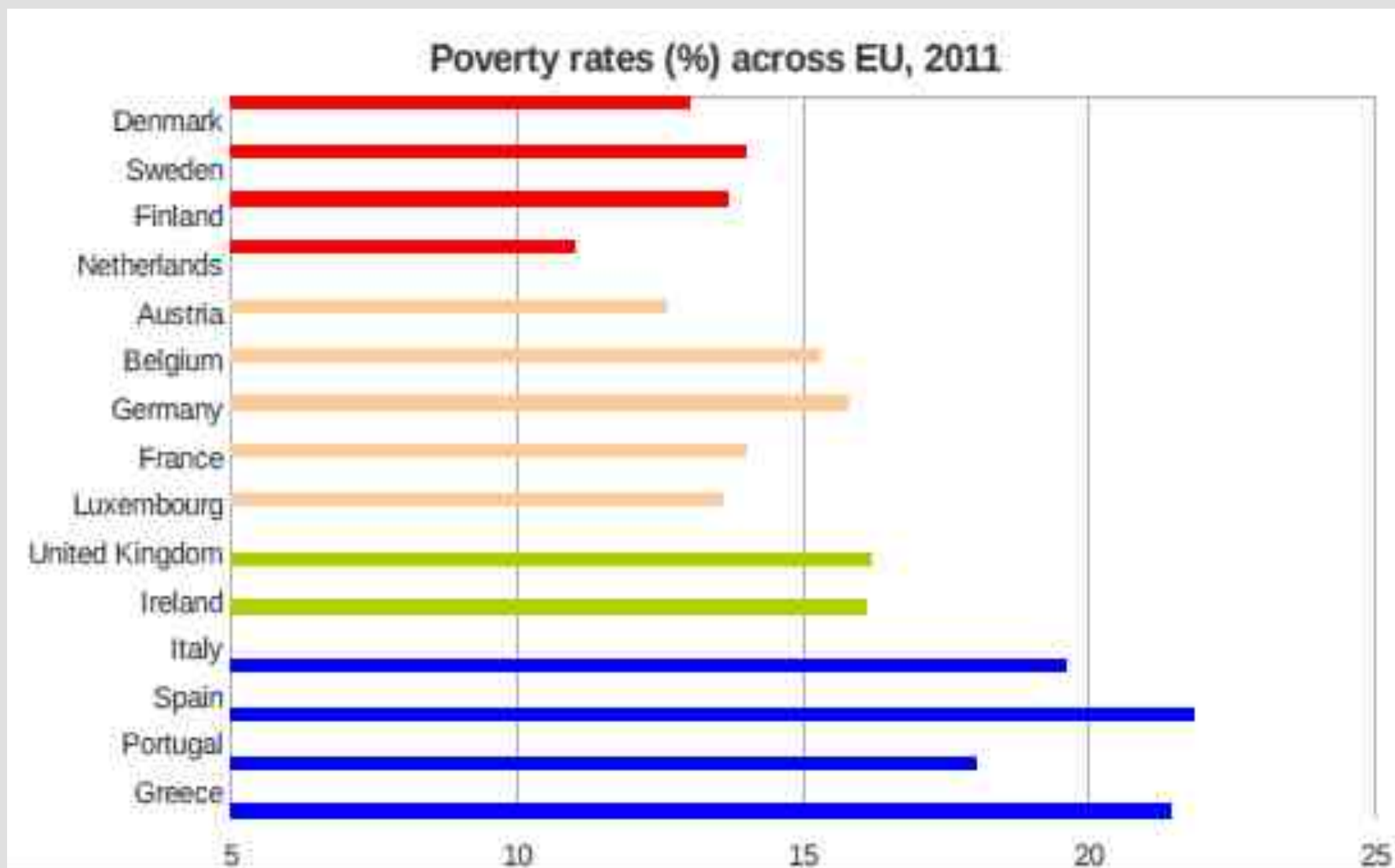
*Source: Eurostat 2013*

## Uninsured labour, 2010-2012

- Rapid increase from 25% to **36%** of labour force in private sector
- 1 in every 3 workers is an immigrant
- Among them, **1 in every 2** is uninsured (increase from 31% to 47%)

*Source: Ministry of Labour, Reports of Labour Inspectorate 2010, 2011, 2012*

## Greece: standing out in terms of poverty





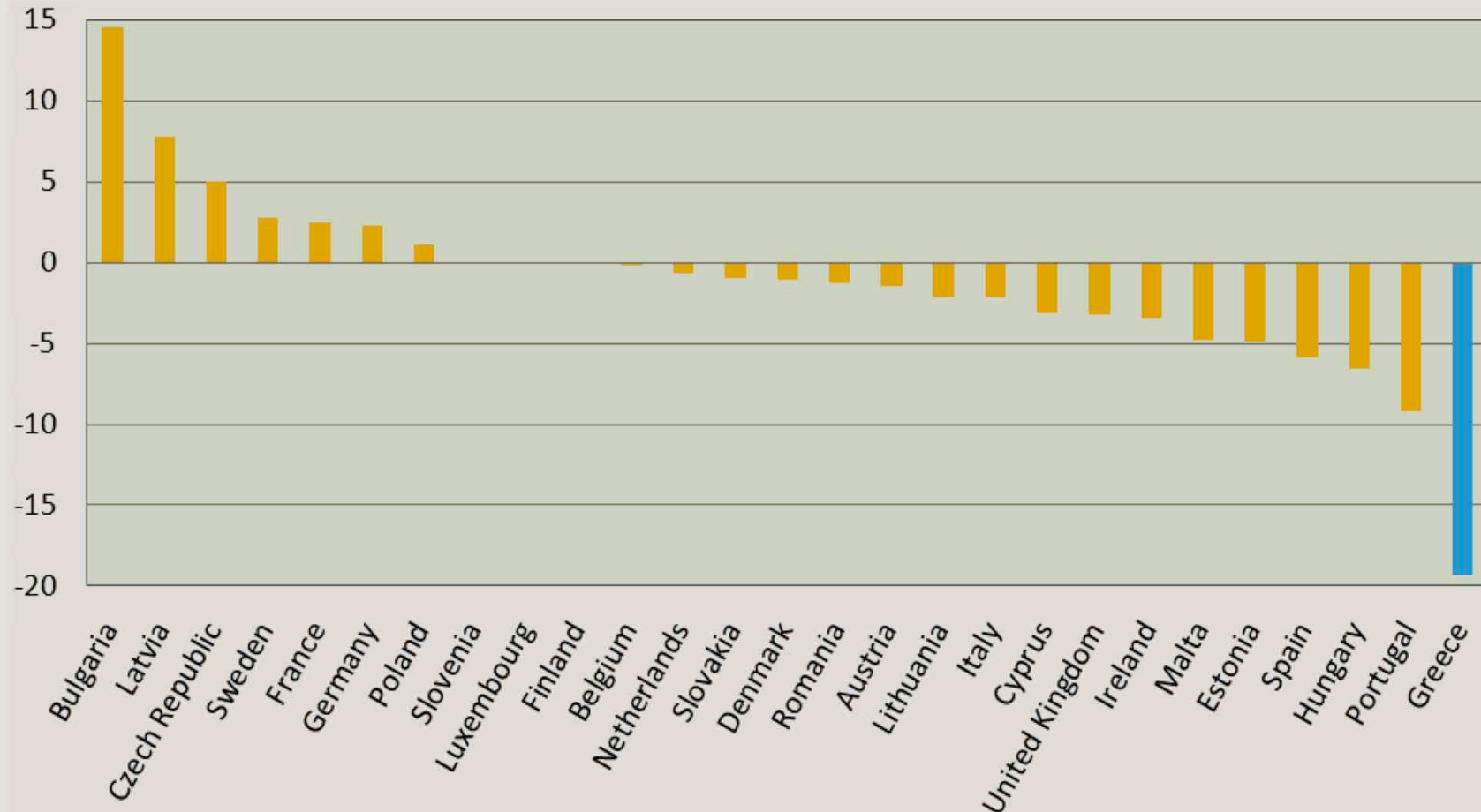
## Familistic welfare model in crisis

- Although poverty threshold fell by 8% in 2010-2011, population below that threshold **rose** from 19% to 21%
- Family in Greece: welfare provider replenishing poor social protection like in other Southern European economies
- The crisis shook *both* familistic and existing state welfare
- Households with very low work intensity (less than 20%) almost **doubled**, from 6.5%, in 2009, to 11.8%, in 2011.
- Persons in jobless households increased in 2009-2012:
  - Under 18 years old: from 4.8% to **12.9%**
  - Between 18 and 60 years old: from 8.5% to **17.5%**
  - Overall, they have more than **doubled** (from 608,000 to 1,320,000)

Sources: *Eurostat 2013, Hellenic Statistical Authority 2013*

# Employees' compensations across Europe

Greece standing out for its working people hurt worst after 2009



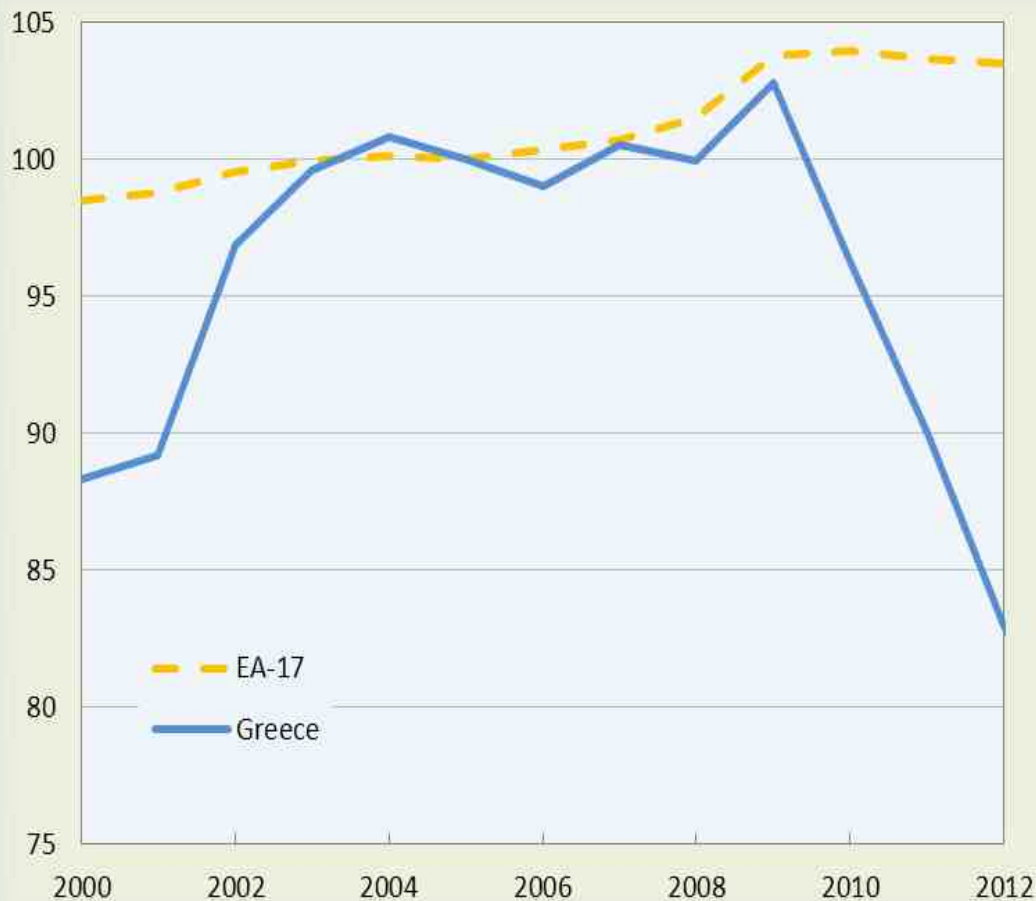
Changes % in real compensation per employee in the EU from 2009 to 2012

*De-inflated data; Source: Ameco 2013*

## Rapid Pauperization and degradation of living standards:

Abrupt fall in real compensations

At the same time: heating oil price equated to diesel's → 40% rise in household heating expenses



Real compensation per employee, Greece and Euro area

Base year: 2005 = 100; de-inflated data; Source: Ameco 2013

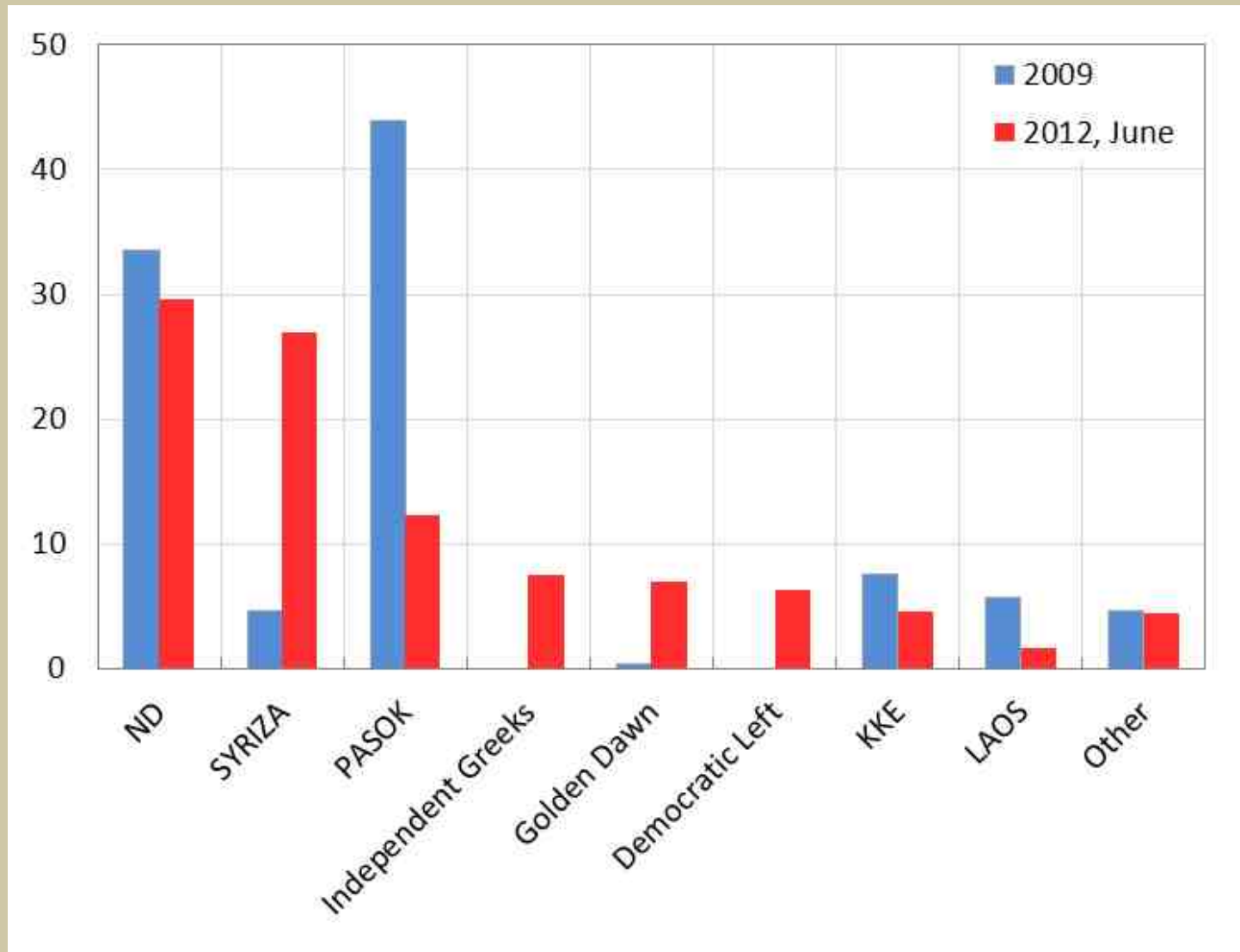


**Health hazard:** A blanket of smog is covering Athens as consumers use fireplaces and wood burning stoves because of the expensive heating oil.

## Important Social Consequences

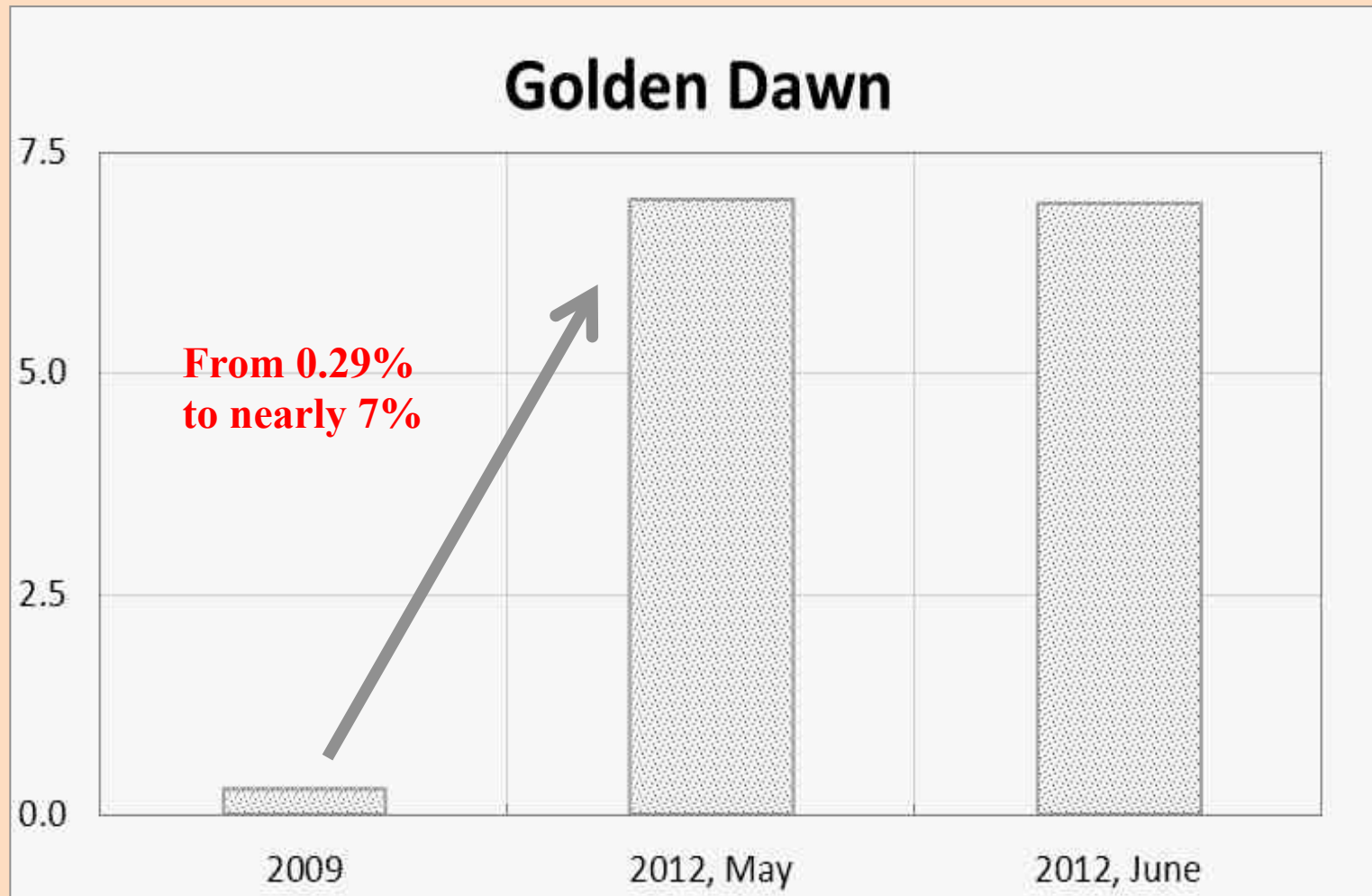
- **Inadequate Social Protection** → 1/3 of the unemployed receives benefit
- **Strangling** of the lower middle class: 70.000 small and medium-sized enterprises closed down only in the first months of the crisis.
- **Migration** of younger, high educated people has risen (“brain drain”)
- **Homelessness** increased by 25% from 2009 to 2011.  
“Neohomelessness” (persons of a previously medium social level)
- **Closure** of drug prevention centers and psychiatric clinics
- **Suicides** increased by 75% from 2009 to 2011 (about 3.000 persons)

## *The Political Earthquake: National Elections 2012*



Results of three consecutive legislative elections in Greece, on October 2009, May 2012 and June 2012, Hellenic Republic, Ministry of Interior, <<http://ekloges.ypes.gr>>

# Electoral rise of Greece's Nazi-party





## Neonazi Activism: Food only for Greeks if they show their ID!



## HOW Memorandum was imposed: STATE OF EMERGENCY AND RHETORICS OF WAR

*“It is of no importance what is just or unjust, we are in a state of war”*

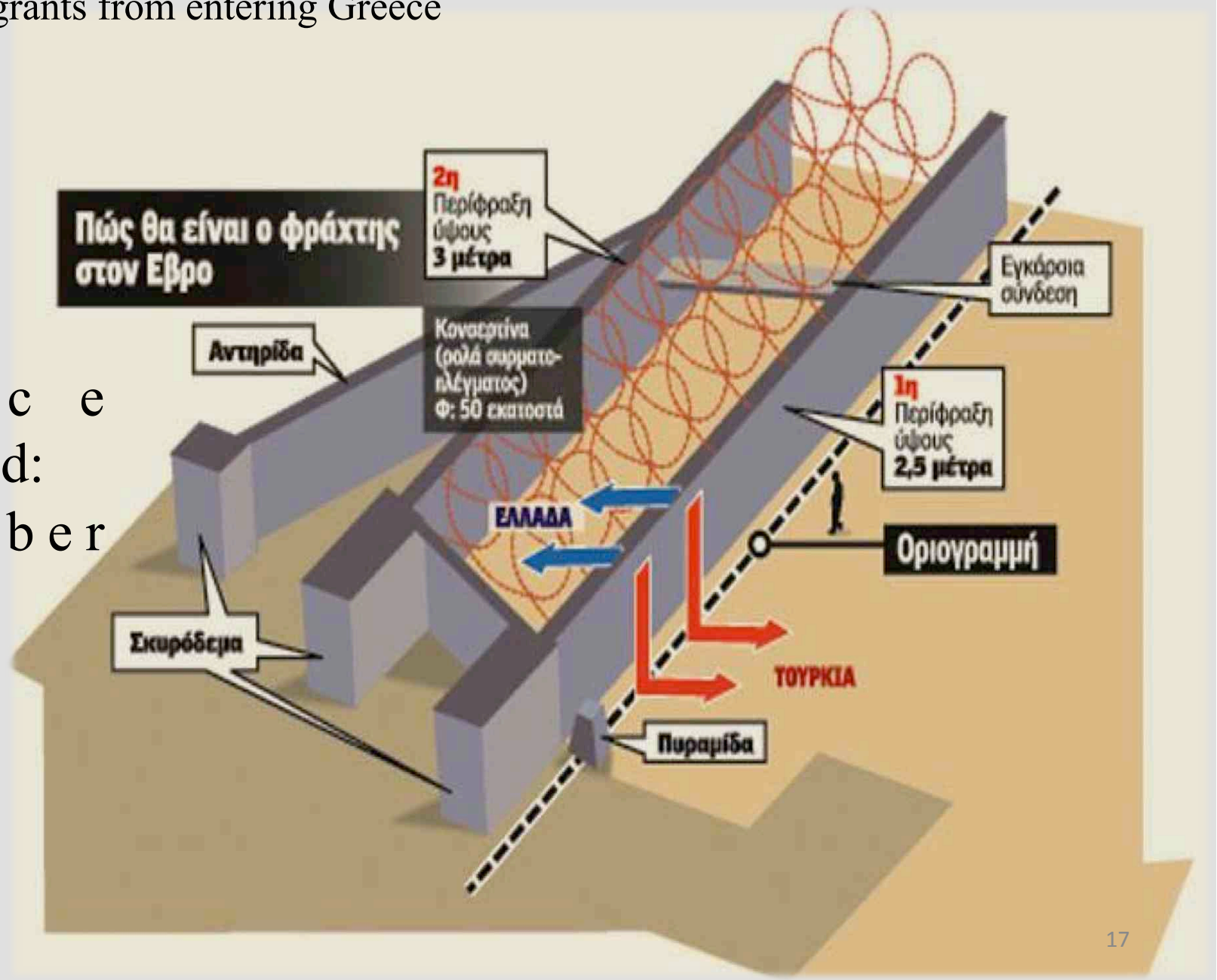
Minister of Development

- 5<sup>th</sup> Loan Tranche: “Tanks will guard the banks because the police will not be enough in case of bankruptcy” (Vice-President)
- 6<sup>th</sup> Loan Tranche: “The government can only promise what Churchill promised in the World War II, “sweat, tears and blood” (Minister of Finance)
- It is a “patriotic duty” to tolerate “sacrifices”. Not only “obey” but also “avoid” debates because “the markets” are “watching us” and “we” may be degraded again by rating agencies
- Zombie-Sovereignty:  
“Declined Sovereignty” vs. “Revitalized Sovereignty”



December 2010: Announcement of „**Protective Fence**“, in North Greece to prevent migrants from entering Greece

F e n c e  
Completed:  
D e c e m b e r  
2012



One more example of the „state of emergency“:  
Short before the May 2012 elections; Barrage of arrests of  
prostitutes infected with AIDS *live on TV*



## From Memoranda to **Scapegoats**.

“Prostitutes must be deported. They damage the institution of family”

“**The sickness** is transfered from the **illegal women** to the Greek family”

*Minister of Health*





## Politics of Scapegoating

- Troika → Greece as a “profligate country” living beyond its means
- Greek Governments → blaming trade unions, scapegoating excluded ones
- G. Papandreou : *“Greece has become the precedent, it’s some sort of a test case. Can Europe deal with its problems? Is Europe credible? Are the institutions and the politicians in Europe ready to solve a small problem like Greece in a credible way? **If we can’t do this with Greece, how are we going to do it with Spain or Italy?** (...) We can no longer patch things up (...). We have to make major decisions, which are to create **market confidence**”* (Bloomberg TV, Interview, 2012).
- The specific management of the crisis paved the way to various shock therapies within Eurozone and Europe.
- Victory of the fiscal union to the detriment of EU as a socially orientated union

- From the post-war Keynesian orientation and towards a unified market → **Schumpeterian strategy** (competitiveness, entrepreneurship, labour flexibility)
- Eurozone crisis → deepening of the Schumpeterian strategy and the “competition state” through international governance
- **Fiscal Compact**: less welfare, institutional pressure on labour, market-friendly “structural reforms” or automatic correction mechanisms
- “**Market Confidence**”: Par Excellence factor of policy making
- Is it simply a problem of insufficient neoliberalization in Greece and of “things that have to be done there” because they may have happened elsewhere too?

## Greek Crisis and Europe

„If collective agreements in the GIPS countries are decentralized and liberalized, the pension-system is challenged (...) and their resistance is reduced (...), it is then **the welfare state not only in these states, but overall in the EU, that is getting weaker**. It is not about a linear process, in which „the South“ catches up with reforms that „the West“ and „the East“ have already implemented. Rather, the weakening of the social flank in Southern Europe has an impact on Western and Eastern Europe and puts trade unions and the left-wing parties under pressure. In the system of the competition states, **the processes of wage and social dumping are going to become stronger. The „liberalization process“ of the European social model is going to become deeper in the whole EU“.**

*Busch, K., Hermann, C., Hinrichs, K., Schulten, T., “Eurokrise, Austeritätspolitik und das Europäische Sozialmodell: Wie die Krisenpolitik in Südeuropa die soziale Dimension der EU bedroht” in Internationale Politikanalyse, Friedrich Ebert Stiftung, November 2012*

# Thank you for your attention!

*and...:*

***NO*** to the shutdown of public television in Greece



Petition: Stop the shutdown of Public Television in Greece!

<http://www.avaaz.org/en/petition/>

[Stop\\_the\\_shutdown\\_of\\_Public\\_Television\\_in\\_Greece/](http://www.avaaz.org/en/petition/Stop_the_shutdown_of_Public_Television_in_Greece/)