TROIKA WATCH

TROIKA UNDER SCRUTINY

UNI europa global union

Troika Watch

Troika under scrutiny

March 2013

In response to the global financial crisis and the ensuing Euro-zone crisis, a task force comprising the European Commission (EC), European Central Bank (ECB), and International Monetary Fund (IMF) was established. This tripartite task force is called the Troika. It has engaged policy discussions with the national authorities in Greece, Ireland, Portugal and Cyprus.

The Troika intervenes in crisis countries to restore growth, employment, and competitiveness; strengthen the financial system; and safeguard fiscal sustainability. In effect, the Troika makes recommendations that governments in crisis situations cannot refuse.

As the financial, economic, political, and social crises in Europe continue unabated, UNI Europa is launching Troika Watch, an online austerity policy watchdog. Through Troika Watch, UNI Europa aims to offer an assessment of the austerity policies and their ill-effects, and to reveal workers' individual, real-life stories in the sectors covered by UNI Global.

Troika Watch's goal is to provide updates on the effects of the crisis on workers in the countries operating under austerity programmes. Furthermore, UNI Europa affiliates will report on the problems faced by other countries that may not embark on a process of fiscal consolidation and imposed austerity, such as Spain, Malta, and Italy.

Troika Watch comes at a time when Europe is grappling with an unprecedented economic crisis with dramatic consequences for its industrial relations. It focuses on the crisis' impact on workers and industrial relations systems. The trade union movement is largely affected by the crisis. Troika Watch is able to evaluate the austerity measures and monitor attacks on social and workers' rights as they develop in conjunction with the continuing Europe-wide protests against the endorsed neo-liberal and austerity policy agenda. **Yet austerity does not work –austerity must be ended now!**

This document is the first in a series of Troika Watch reports. It brings to light the actual consequences of the crisis and of the imposed austerity measures on Greek service workers. It also briefly summarises the main changes in industrial relations and the social protection system in Greece, the hardest hit European country.

Colleagues tell their story as Greece experiences its fourth year of crisis

The latest measures adopted in Greece amount to a full-scale attack on workers' rights and undermine the fundamental role of trade unions in the country. Below, UNI Europa recounts the real-life stories of its affiliates in Greece as they experience the crisis and an overhaul of collective agreements and labour relations.

Sofia Kanta, Member of the Board and Equality Secretary of OTOE (Greek Federation of Bank Employee Unions), and Member of the Executive Committee of UNI Europa, provides details on the austerity measures' consequences on the wages of banking-sector employees. As a result of the labour laws recently passed by the Greek Parliament under pressure from the Troika, company-level collective agreements take precedence over sectoral collective agreements. In addition, if a sectoral collective agreement is no longer valid (having been cancelled by the employer or simply having expired) and no new agreement is signed, its prolongation lasts only three months after expiration. After that time, at the sectoral level (and in companies or banks without a collective agreement at the company level), the minimum guarantees of the national collective agreement apply. OTOE's sectoral collective agreement expires in February 2013. If a new agreement is not signed by May 2013, the employer will be free to modify salaries as follows:

Average salary of a bank employee according to OTOE's sectoral collective agreement

Analysis of the salary	**Currently, according to the Collective Agreement (gross, in Euros)**	**After the Collective Agreement's expiration (gross, in Euros)**
Basic salary	1,000	1,000
Family allowance	100	-
Children allowance	150	150
University degree allowance	250	250
Seniority allowance	300	300
Childcare allowance	100	-
Sectoral allowances (e.g. kindergarten allowance)	300	-
Company allowances (e.g. responsibility allowance)	250	-
	2,450	**1,700**
A reduction of approximately 35%		

The above example shows that once the prolongation of the sectoral collective agreement in the banking sector ends, the employer can "maintain" the basic salary and its three components (the children, university degree, and seniority allowances) for each employee. However, in effect, the expiration of the Greek banking sector's collective agreement will reduce all salaries by 25% to 75%, depending on their level on the salary grid, yet remain consistent with existing allowances at the company level!

Sofia Kanta
Member of the Board and Equality Secretary of OTOE,
Member of the Executive Committee of UNI-Europa

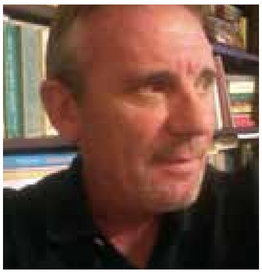
Individual Real-life Stories

Triantafyllos Kolonias
Organising Secretary of OASE

Triantafyllos Kolonias, Organising Secretary in OASE (Greek Federation of Insurance Sector Employees), reports increased fear, the undermining of trade union rights, and news of severe salary cuts. “Being a unionist today in Greece is a unique experience. The legal framework for labour law has totally collapsed. The danger of being fired is evident and unemployment can be very long term. When you fight, state riot forces are more violent and brutal than you would ever imagine. Fear is skilfully spreading through the mass media. Furthermore, you have to deal with mistrust. For as long as I can remember, the suspicion of unions has existed. A person who’s afraid becomes more suspicious. And of course the employers are taking advantage of the situation in the best way they can. Masks have fallen and the true face is there for everyone to see. Personally, I was forced by my company to forgo any benefits accruing from and protected by the ‘one-time collective agreements’. I now have to ask their permission for every trade union activity I undertake. At least that’s what they want. Furthermore, my salary was reduced, my taxes were increased, my pension contributions were ‘stolen’ but, worst of all, they tried to fill up my surroundings with gloomy faces. Sounds bad? Well... I have never before in my life been so proud to be an active trade unionist. I’ve never felt so useful before. I have never felt so free. And I know that I am not alone.”

Efi Fotopoulou
Emporiki Bank Cleaning and Maintenance Sector

Efi Fotopoulou, Emporiki Bank Cleaning and Maintenance Sector, reports on a deterioration in the quality of life of Greek workers who can no longer afford heating expenses. “In the building where I live, we’ve had no central heating since last winter. A majority of residents cannot pay their share of heating oil for central heating. Heating oil prices had already increased 40% in 2011.”



Panos Kyriakoulias
Organisational Secretary of OIYE, Services Sector

Panos Kyriakoulias, Organisational Secretary of OIYE (Greek Federation of Private Sector Employees), Services Sector, explains what the abolition of the general collective agreement and the full-scale deregulation of the Greek labour market mean in practice. “The exhaustive austerity programme imposed on Greece by the Troika (IMF, EC, ECB) has created a disastrous economic recession and has actually led to a dead economy. Moreover, the full deregulation of the labour market and the abolishment of collective agreements in all sectors (including services) have resulted in unbearable wage decreases for workers. In my job, our wages have fallen more than 45% in the last 2.5 years, with personnel forced to sign new individual job contracts. Our purchasing power is going back to what it was in the ‘70s. Together with the 1.5 million unemployed, we are also witnessing the increase of in-work poverty incidences. Already 35% of the population lives below the official poverty line.”

Giota Dandoulaki
Postal Sector, Hellenic Post

Giota Dandoulaki, from the Postal Sector at Hellenic Post, reveals her difficult personal situation following a drastic salary cut. “My salary has been reduced by 35%. Last year, my husband was fired by the company he was working for. He is 36 and he has been looking for a job for two years now. We have a four-year-old son. At this time, it is impossible to think about having a second child. We are lucky that I am still working, but we are forced to lower our standards and reduce all our personal expenses to a minimum.”

Petroula Socratous
Central Bank of Greece
President of SEPTE
P&MS - Finance Sector

Petroula Socratous, Central Bank of Greece, President of SEPTE, P&MS - Finance Sector, tells the story of her sons who are studying abroad for better future job prospects. “Youth unemployment has reached 53% in Greece. My son interrupted his studies at a Greek university. He is continuing them in another EU country where he will have more opportunity to find a job after graduating. My second son will probably do the same soon, if the family budget can still afford it.”

Maria Argyrou
Retail Sector
President of ALEX PAK employees union

Maria Argyrou, President of the employee union at ALEX PAK, Retail Sector, explains the consequences of labour relations deregulation in Greece. "The company where I work, ALEX PAK (a Greek household products company), had 870 employees and 36 retail stores in 2009. The average monthly salary was 900 Euros. Today, three years after the austerity plan's disastrous consequences and the impact of recession on the retail sector, the company has 200 employees and 15 stores have closed. At the same time, making total use of the anti-labour legislative framework adopted by the government in recent years, employers are obliging employees to work under a two-day-per-week working scheme that pays a salary of 340 Euros. On top of this, even this minimal amount is not paid on time by the company – employees are not paid for over three months."

Christos Katselidis
Unemployed, ex-employee of BNP Paribas and President of the Union of Employees of BNP Paribas, Greece

Christos Katselidis, Unemployed, ex-employee of BNP Paribas and President of the Union of Employees of BNP Paribas, Greece, describes the difficult and harsh economic and financial situation his family is in following his job loss. "I worked in one of the largest financial institutions in the world, BNP Paribas' (French bank) Athens branch for over 20 years. Now the bank is stopping its activities and leaving Greece. I'm looking for a job but there's nothing. Aside from the economic concerns, the whole situation has put my wife under severe strain and she is now deeply depressed simply because we do not know what will happen on a day-to-day basis. She refuses to see our children, she cannot take care of herself and the situation has left marks stigmatising our children's psychology as well as mine. Despite the fact that she is under medical treatment, the prescribed drugs are often not available in pharmacies, requiring a constant alteration of administered drugs. Additionally, individuals' medical contribution has increased by governmental decree, rendering medication unaffordable. The children have had to cut all extracurricular activities. They used to attend an athletics programme that cost 40 Euros per child and attended dance lessons for 30 Euros per child. Now I can only afford to pay for my children's English class, which is necessary as they will never learn a foreign language through the public school they attend. I used to help my frail and bedridden mother financially. I now find myself in the hopeless situation of having to place her in a nursing home as this winter I will not be able to afford her heating and living expenses. However, no nursing home will accept her as they are all full and she receives a very small pension. What is even more tragic is that I have to pay taxes, which have been incorporated into electricity bills. If you do not pay these taxes, they cut the power source."

Labour market and social protection changes in Greece's fourth year of crisis

Greek trade unions mobilised throughout 2012, calling for protest mobilisations almost every week. The trade union movement in Greece firmly believes that the imposed austerity measures and labour deregulation do not offer a sustainable solution to the Greek economy's fiscal and competitiveness problems. The imposed measures are deteriorating an already difficult social situation. They serve the interests of big business, some of which have already fled the country, further aggravating the problem of limited tax revenues. In their mobilising efforts, the Greek trade unions have condemned the imposition of more flexible worker protection legislation. The wage devaluation and deregulation of collective bargaining systems requested by the Troika have drastically limited the autonomy of social partners. They exacerbate growth and employment creation efforts. The Troika 'recommends' austerity measures but offers no alternative solution.

The European economic governance system that is being put together qualifies wages and collective bargaining systems as "rigidities" at the national level. The country-specific recommendations, which demand structural adjustment measures, were implemented at the expense of Greek workers. The austerity measures set a dramatic precedent: they are a "blueprint" for future adjustments in other European countries. Behind the negotiations on budgetary adjustments, low-income workers and pensioners in Greece have borne the brunt of the imposed austerity measures. UNI Europa affiliates in Greece and other unions were opposed to the imposed austerity measures from the onset. Despite the Troika's 'good' intentions to help Greece out of the crisis and achieve economic growth, the reality on the ground is different: Greek workers can only witness the inefficiency of the measures and the ensuing social injustice.

The deterioration of working conditions and attack on trade union rights worsen an already explosive situation and translate into social unrest and the further impoverishment of Greek workers and citizens. Austerity measures in crisis countries do not work. The entire European trade union movement calls for a serious and effective change of course, demanding growth-friendly investments and a return to quality job creation.

The proposed recipe for the Eurozone's peripheral economies imposes painful austerity measures, drastic budgetary cuts on public spending and the fire sale of national assets. Greece implemented unprecedented fiscal and structural adjustments under strict conditions for consecutive aid disbursements. International leaders pursue neo-liberal structural reforms through the Troika, effectively imposing spending cuts that do not address the root causes of the crisis. The Troika called for the deregulation of labour legislation. The national Parliament subsequently endorsed a complete overhaul of collective agreements and the blurring of the welfare state. As Greece awaited an agreement on the release of the funds (44 billion Euros of long overdue aid) in the autumn of 2012, short-term debt was issued to pay maturing treasury bills. Anger and frustration prevailed in Greece, as the current government implemented painful austerity measures. Greece needed the next wave of aid to keep servicing its debt and avoid bankruptcy. Aid in the order of 34.3 billion Euros was agreed at the last European Council meeting on 13 December 2012. Member States have authorised the next European Financial Stability Facility (EFSF) instalment. It will substantially decrease the Greek debt to 124% of GDP by 2020. An estimated 27.3 billion Euros from this wave will be used to repurchase government bonds and recapitalise financial institutions.

Layoffs and wage, pension and social benefit cuts and freezes, as well as increased and crippling tax rates, privatisation and structural adjustments combine to paint a bleak picture of drastic labour market deregulation and labour institution dismantling.

The austerity measures in Greece are being pushed through with total disrespect for workers' and citizens' concerns. The Greek economy is falling deeper into recession, with severe and dramatic consequences for the Greek people.

Unemployment

- Overall unemployment increased to 26% in September 2012 from 25.4% in August 2012. This is the second highest rate in the EU after Spain, whose rate is 26.6%.
- Unemployment reached 57.6% for young people, the highest rate in the EU.
- The female youth unemployment rate reached an unprecedented high of 66%. The overall unemployment rate of women increased, reaching 30.1%.
- More than 1,500,000 people were unemployed in the last trimester of 2012.
- Large-scale redundancies have increased twofold.

Developments concerning wages and benefits

- The new measures established a single-rate statutory minimum wage that abolishes the differentiation between unskilled and skilled workers.
- The minimum wage was set at 586.08 Euros per month for workers aged 25 and above and at 510.95 Euros for workers below 25 years of age. The minimum wage in effect was cut by 22%, and by 32% for young people between the ages of 18 and 25.
- Main and supplementary pension benefits have been cut (by 5% for pension benefits of between 1,000 and 1,500 Euros, 10% for pension benefits falling between 1,500 and 2,000 Euros, and 15% for pension benefits above 2,000 Euros).
- The retirement age has been raised by two years for all categories of workers to the age of 67.
- Employee contributions to main and supplementary pension funds were increased by 3% and 12% respectively.
- Employer social security contributions and non-wage labour costs were reduced.
- The tax-free income limit (for pensions and salaries) was cut by more than half (from 12,000 to 5,000 Euros).
- Family allowances and in-kind benefits were reduced and in some cases eliminated. Kindergarten subsidies were cut, resulting in the closing of many kindergartens.
- Social benefits for particular categories were drastically reduced as were unemployment benefits (which cannot amount to more than 200 Euros per month or be paid for longer than 12 months).
- Workers' participation in healthcare costs was significantly increased.

Collective agreements and employment contracts

- Collective agreement protection coverage following a unilateral cancellation or normal expiration lasts three months (prolongation).
- The employer can unilaterally alter labour contracts and convert full-time into part-time contracts.
- The notice period for dismissals has been reduced by half with an equivalent cut in severance pay.
- Individual agreements and working contracts are proliferating: in some cases they result in wage cuts of up to 23.36%.
- Private-sector employees remain unpaid for long periods of time (two months or more).
- The conversion of full-time contracts into flexible work agreements has increased by 337%.
- Undeclared work has increased, reaching 58.2% of the workforce in restaurants, 8.7% in the retail sector, and 11% in the manufacturing sector.
- A path to the deregulation of working-time obligations has been forged. Employee working hours will no longer be linked to company opening hours. The procedure that required preauthorisation from the Labour Inspectorate to work overtime was abolished.
- Working time can be set by the employer on a daily or weekly basis.

Lack of social cohesion and deteriorating social conditions

- The economic crisis has resulted in over half a million job losses in the private sector, transforming the crisis in Greece into a deeply social and humanitarian calamity.
- 100,000 businesses have closed over the past 2.5 years; the Greek economy is in recession for the sixth consecutive year.
- The purchasing power of Greeks has been drastically reduced and the series of austerity agreements or memoranda have led to the large-scale deterioration of already rudimentary social security and social protection systems.
- Many employees have been urged to take “early retirement” schemes with subsequent reductions in retirement income.
- Drastic cuts in public expenditure have resulted in a deterioration of the quality of life and an overt attack on already minimal public and social service provisions (education, healthcare).
- Social care policies were changed and subsidies cut, resulting in the closure of elderly care centres.
- Penalties for employer violations are being reduced.
- Drastic cuts in social assistance and social care benefits have prompted many young Greeks to return to rural regions, leaving the capital where rents and daily living expenses have become unaffordable.
- The highly skilled members of the workforce are leaving the country when they can.
- The suicide rate increased 40% between 2010 and 2011. Experts attribute this rise to the economic crisis in a country that had the lowest suicide rate in Europe.

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