

## **THE CONSEQUENCES OF THE GOVERNMENT-EU-IMF POLICIES ON LABOUR AND EDUCATION IN GREECE**

BY **THEMIS KOTSIFAKIS**, GENERAL SECRETARY OF **OLME**

### **General**

The moments we are experiencing are crucial for both education and society. The governments in Greece sacrifice the needs and rights of the majority of the society in order to confront the crisis always at the expense of employees. This is the culmination point of the latest governmental policies and choices leading the country to default. The public debt is the result of usurious loans and the illegal connection between politicians and huge financial interests, which have increased public expenses. This debt serves as a pretext to secure the interests that dictate the policy implemented by the Government, the EU and the IMF. Besides, employees have paid this usurious debt more than once.

### **Memoranda and their impact on workers, social goods and the public sector**

The measures imposed on employees and their impact on our lives form a tragic reality:

- Continuous wage cuts up to 55% for the employees of the public sector
- Continuous pension reductions for all workers, increasing pension age limits, dismantling of our insurance funds
- Dismissals and institutionalization of the labour reserve in the public sector (providing 60% of the basic salary)
- Tragic cuts in social spending (for education, health and social security policies) resulting in a serious degradation of all the social benefits, abolition or mergers of public organizations that provide social work (e.g. hospitals, drug prevention institutions, social organizations in municipalities etc)
- Privatization of public utilities (e.g. water and transportation) electricity and telecommunications being the most financially sound ones.
- Selling out the public wealth to private investors (e.g. sellout of public buildings and mineral wealth. The sellout of vast public land areas to private investors with construction business plans will result in an ecological disaster)
- Abolition of the collective bargaining agreements, establishing individual contracts. Abolition of the workers' compensation and easier – cheaper layoffs for the employers. Collective agreements and negotiations do not exist in the public sector. In fact, salary issues are banned by law in the public sector, but even in cases where there is provision for working out negotiations; governments refuse to implement the relevant law.
- Continuous, new tax measures which affect mostly workers and the majority of the Greek people, leaving intact the tax evasion of large companies and those who hold the wealth of the country (increasing VAT to 23% for important public goods – doubling the heating oil price, imposing extra tax on the income retroactively, as of 2010, reducing the minimum tax exempt for the employees from 12.000 € to 5.000 € etc.)
- Enactment of a harsh and socially unfair hike for home owners through the electricity bill, which results to a cut of the power if it is not possible to be paid! Please note the high percentage of home ownership in Greece (about 85%).

## **New measures included in the 2<sup>nd</sup> memorandum (February 2012)**

### **SALARIES**

- 22% reduction of the minimum salaries (National General Collective Labour Agreement-sectoral agreements)
- 32% reduction for those entering the labour market
- Abolition of sectoral agreements
- General salary freezing until 2015.
- Transformation of full time agreements into part-time ones upon employers' decision.
- Freezing of salary maturities (thrice per annum) until unemployment is reduced below 10%. In reality, maturities are abolished.
- The maximum duration time of collective agreements will be three years.
- All agreements still in effect end one year after the new memorandum is voted.
- Revision of the National General Collective Labour Agreement until the end of July so that the minimum salary is aligned with the other competitive countries (Portugal, Turkey, Central and Southeast Europe).
- Abolition of the unilateral appeal to arbitration.

### **PENSIONS-SOCIAL INSURANCE CONTRIBUTIONS**

- Annual pension reductions (main and subsidiary) by 300 million Euros.
- Additional reductions in the main pensions of the Public Corporations and Organisations funds.
- Merger of all Subsidiary Funds
- New cuts on subsidiary pensions and on lump sum.
- 2% reduction in employers' social insurance contributions through the abolition of contributions in the Labour Housing Organisation. The aforementioned Institution will be abolished.
- New reduction by 3% of employers' contribution for the Social Insurance Funds as of 01/01/2013.

### **CIVIL SERVANTS –FORMER PUBLIC UTILITIES –BANKS**

- Permanency is abolished by law in Public Utilities, in state banks and ~~there is~~ a reduction of the employees' income.
- 15.000 civil servants will be dismissed by mid 2012, through their incorporation to the labour reserve.
- By the end of June 2012 civil servants belonging to special payroll categories will suffer 636 million Euros loss in their revenues.
- New reductions in civil servants' salaries through the re-evaluation of their pay scales.
- By 2015 the number of civil servants will be reduced by 150.000 and recruitments will be retained on 1 to 5 ratio.
- The number of students in all institutions guaranteeing immediate recruitment in the public sector will be reduced.
- Closures of public institutions and bodies until June 2012.

### **ADDITIONAL MEASURES 2012**

- 1,1 billion Euros reduction in the health care field and in pharmaceutical expenses.
- A number of Social benefits/allowances will be cut based on revenue criteria.
- Reduction in allowances for families with many children.
- 300 million Euros reduction in the general operational and on consuming expenses in the public sector.
- 200 million Euros reduction of subsidies in institutions under the auspices of the Ministry of Education and the Ministry of Culture.
- 50 million Euro reduction of the fund on duty doctors' payment under the National Health System.
- New reduction in the Public Investment Programme by 400 million Euros.
- Abolition of the election allowance
- Reductions in arms spending
- New taxation system as of June 2012 envisaging the abolition of tax exemptions and- preferential status

### **Propaganda and lies**

The government uses friendly media waging a massive propaganda full of lies in order to persuade people to accept austerity measures, blaming employees for the financial crisis instead of the government and the EU policies implemented during the last decade in Greece.

The phrase of the Deputy Prime Minister "We ate money together" follows this line. The consequences of political scandals, corruption, gratuitous benefits for large companies, government maladministration and public sector intentional mismanagement weigh heavily on people.

They attempted to present a bloated number of civil servants, talking about 1.5 million employees, while according to the census, the number of employees we all knew from the ILO database (Labostram data 2008) was 732.727. This number has been reduced since then by thousands of retirements in the last 2 years. The percentage of civil servants in Greece is 16.1%, while in Belgium is 22.5%, in Finland 26,7%, in Germany, 10.2%, in Spain 13,8%, in USA 16,4%, in UK 18,9%, in the Netherlands 15,8% etc.

They attempted to present civil servants as the best paid employees, as a "privileged group" (please note that the average annual remuneration in EU is 27.600 € whereas in Greece is 15.000 €).

They tried to support the standpoint that the social policy in Greece is generous, ~~given~~ despite the fact that the average expenditure per capita /year in the Eurozone is 6.250 € whereas in Greece is just 3.550 €.

They tried to convince us that we are lazy, we work less than everyone in Europe. However, according to Eurostat the average working hours in Greece are 44.3 hours/week, whereas the average in the EU is 41.7 hours / week.

In the name of debt reduction (which has been proved a lie) the government takes measures leading to a political impasse:

The debt amounting to 120% of GDP in 2009, forced us to participate in the troika support programs. The percentage rose nearly to 162% of GDP in 2011, waiting to reach 200% in 2015, according to the mid-term program and 120% in 2020, following

the new EU agreement of the 26<sup>th</sup> of October 2011. We wonder why so many employees and people are sacrificed just to reach the starting point.

### **Unemployment and poverty**

The official unemployment rate statistics doubled from 9% in 2009, up to 18.4% in 2011. At the same time the unemployment rate among youth reached 45%, with a potential to grow further in the 2012.

The salary cuts reduce the workers' purchasing power obliging them to restrict their expenses on covering their basic needs in order to survive. Poverty and misery are spread over larger social groups. In fact, incidents of hunger among pupils have already been recorded in schools.

### **Who pays:**

TAX EXEMPTION AND TAX EVASION OF THE BIG CAPITAL IN GREECE LEAD TO AUSTERITY MEASURES FOR THE PEOPLE AND CUTS TO THE WELFARE STATE

The tax weights in Greece are not only unevenly distributed, but it has also been created a legal grid in order to benefit those who possess wealth (like large companies and banks), allowing them not to pay taxes legally or to evade taxes illegally.

1. The implicit tax rate on capital is 16%, while in the OECD countries is twice as high, reaching 32% (2008 statistics).
2. Enterprises (SA/Ltd.) and banks pay tax which amounts to 20% on their total profits, when an average state worker (with e.g. 20 years of work) is taxed at 30%.
3. Large international enterprises or other companies avoid the tax on dividends in various ways.
4. Despite the promises of the recent governments tax evasion and employers' contribution evasion to pension funds increased in the past few years.
5. 44 tax exemptions has been recorded for the ship owners. They have to pay only 12 million € per year, when for example the deposits of the immigrants for residence permit amount to 50 million €.
6. Corruption amounts in the 8% of GDP (roughly 20 billion €). If for example, corruption were reduced by 50%, the public deficit would be decreased to 4% of GDP.
7. According to official figures, in 2009 the participation of employees and pensioners in the tax burden increased compared to 2008, while there has been a decrease in the participation of the private sector professionals and companies respectively. In particular, in 2010 (for the income gained in 2009) the employees' and pensioners' reported income represented 70,18% of the total income, compared to 68,23% in 2009. The tax paid to the Tax Office for their income in 2010, represents 55,54% of the total tax paid by all taxpayers (compared to 52,59% in 2009).

These data were released from the General Secretariat of Information Systems. They represented the income acquired during 2009 which was declared to the Tax Office the following year. The data represented the tax paid for the income various categories of taxpayers received, such as

employees, pensioners, freelancers and companies. This is before the outbreak of the financial crisis in Greece. On the other hand, in 2010, enterprises declared 13.03% of the total income against 14.52% in 2009, and they paid only 28.67% of the total tax, compared to 30.79% last year.

	EMPLOYEES - PENSIONERS		COMPANIES	
	INCOME DECLARED	TAX	INCOME DECLARED	TAX
2009	68,23%	52,29%	14,25%	30,79%
2010	70,18%	55,54%	13,03%	28,67%
VARIOUS	1,95%	3,25%	-1,22%	-2,12%

8. The tax-free limit for employees was decreased from 12,000 €/year to 5,000 €/year, while the poverty limit is 7,095 €/year.

All these state revenues are missing from the public educational system, from the public hospitals, from the social insurance system and from the welfare state.

If a fair taxation policy had been implemented in Greece, there would had been no need for the austerity measures and the dramatic cuts imposed by the government of the EU and the IMF.

### **Memoranda and education**

In an intense way, the Ministry of Education is trying to persuade us that there is no Memorandum for education. Unfortunately, the documents signed by the Greek government with the troika show otherwise. By signing the updated No 3 and No 4 Memoranda the government is responsible to set up an independent task force on education policy so as to propose solutions for the tightest possible management of the meagre funds available for education.

In the Memorandum No 4 the Troika control over Greek education goes even further. To be more specific, according to this document the government is committed to submit a report every three months on what it has done or not for education. The Troika will control everything; even the law on the quality of Education the troika itself suggested and the government will submit to the Parliament all the way through its implementation!

Thus, the Greek education is literally and officially under the troika custody since the Ministry of Education will have to implement the proposals of the “special policy group on education” and this procedure will be controlled by the troika!! As a result, decisions on the way education functions in all levels will be based on strictly financial criteria aiming at a “cheap school”. Through this “new market-oriented school”, what is expected is cost effectiveness, scale economies and the cheapest possible solutions regardless of the severe educational and social consequences. The EU declaration that education is a matter of national interest and the EU principles that the nature of its contribution is subsidiary, sounds as a bad joke.

### Spending on education

Through the Memoranda and the Mid-term Fiscal Consolidation Strategic Framework the Government under the Troika (EU-ECB-IMF) mandate imposes an exorbitant and unbelievable reduction of public spending leading to the eradication and dismantling of public education. Despite the government announcements and commitments towards the EU, and despite predictions talking about a 5% increase of the GDP by 2013 that is, an increase approaching the average of the EU member states, public spending on education will have been reduced even further reaching 2, 23 % of the GDP by 2015, followed by dramatic consequences on public schools.

It is through the memorandum that the government handed in education to the Troika wishes and choices. The independent task force on education policy set up in the Ministry of Education follows the EU, the ECB and the IMF choices.

So, the decrease in public spending will be 1.436 million euros, that is a 19,2 % reduction as of 2009 until 2015.

Chart: PUBLIC EDUCATION SPENDING IN GREECE								
YEAR	2009	2010	2011 BUDGET	2011	Mid term programme estimates			
					2012	2013	2014	2015
TOTAL	7.480	6.988	6.863	6.530	6.362	6.221	6.105	6.044
REGULAR BUDGET	7.131	6.683	6.283	6.009	5.841	5.671	5.554	5.494
PUBLIC INVESTMENT PROGRAMME	349	305	580	521	550	550	550	550
GDP	235.017	230.173	232.100	225.400	228.400	235.500	242.900	251.900
% SPENDING ON EDUCATION/GDP	3,18%	3,04%	2,96%	2,90%	2,79%	2,64%	2,51%	2,40%
% SPENDING ON EDUCATION/GDP (SPENDING ON TRAINING AND RELIGIONS IS EXCLUDED)	2,94%	2,82%	2,75%	2,69%	2,59%	2,46%	2,34%	2,23%
Amounts are in millions of Euros								
SPENDING ON TRAINING AND RELIGIONS CONSTITUTES THE 7% OF THE MINISTRY OF EDUCATION, LIFELONG LEARNING AND RELIGIOUS AFFAIRS (2010, 2011)								
DATA PROCESSING FROM MID TERM FRAMEWORK OF BUDGETARY STRATEGY 2012-15, THEMIS KOTSIFAKIS, MEMBER OF THE E.B OF OLME								

In July a further reduction in education spending envisaged by the NSRF programme was announced from 2,058 billion € to 1,694 billion € (18% approximately) under the pretext of the restructuring of the percentage of the European and national contribution (from 68% -32% to 85%-15% respectively). It was presented as a success by the government. In reality this implies a further reduction in public spending on education from the Public Investment programme in the budget.

### School committees

Schoolteachers, parents and pupils have already felt the severe cuts in the daily school operations. Funding of school committees has been reduced by 60% resulting in the financial asphyxiation of the public school and in its weakness to meet its rudimentary daily needs. Parents are being called all the more to contribute financially in the purchase of the bare essentials required for the school operation.

Given the fact that the Government has doubled the price of heating oil, it is certain that schools will not afford buying any in the winter.

### **School mergers and closures**

The Greek Ministry of Education has announced the merging of **1933** school units in both primary and secondary education, without any prior and substantial dialogue with the teaching profession and the local societies.

In particular, this decision allowed for the merging of **1523** schools in Primary education and **410** schools in Secondary education. As a consequence, **1056** schools have been closed down permanently, that is **851** out of 10.798 (7.8%) in primary education, and **205** out of 3.185 (6.5%) in secondary education.

Closures and mergers will continue in the next year as well. (2012)

### **Abolition and downgrading of educational support structures**

The Ministry of Education closes down 22 out of 58 Environmental Education Centres, athletic schools, athletic classes and several All-day primary education schools.

It abolishes Support Teaching Courses in secondary education.

The teaching of foreign languages is downgraded both in Primary and Secondary education. Second Chance Schools are downgraded.

It abolishes the teaching of art courses, citizen's education and ICT courses in upper secondary education disregarding their importance in youth education.

The operation of Youth Consultancy Centres is being postponed.

Professional Orientation in schools is abolished.

The Ministry of Education gradually downgrades and closes down the 800 school libraries set up by EU-Greece co-financed programs.

Finally, in lower and upper secondary education it imposes classes with 28-30 students instead of preexisting classes of 25 students.

### **Schoolbooks**

**The new school year has started without books. The process of sending them at schools has not finished yet.** The Government has abolished the institute publishing them. The financial restrictions have created this unprecedented chaos where photocopies are the main teaching material for a long time.

### **School administration**

The Ministry is planning to turn Headmasters into Managers controlling and determining almost everything through assessment. The Ministry's intention is to abolish collectivity and democratic decision making in teacher boards and to restrict school board responsibilities.

### **Content of studies**

**The educational reforms** promoted by Government [new school, new Lyceum (upper Secondary education)] are based on the rationale of providing fragmentary knowledge and skills, and on the establishment of "values" such as "the market-oriented school", and the training. These reforms are relevant to the equivalent anti-educational reforms of the "enterprise university", promoted by the new law on

tertiary education. **This policy leads to the devaluation of the free, public education and to the opening of education to the strategic investments of the profiteering companies.**

### **OECD Report**

According to the OECD report commissioned by the Ministry of Education, teachers are held responsible for all misfortunes in Education instead of the policies implemented so far. It is a fact that in this OECD report the increase of the teachers' workload through the increase of their timetable is the first measure presented. Please note that the Greek teachers have 18.4 teaching hours / week, exactly as the European average (according to data of Eurydice).

### **Reduction in the number of teachers (recruitments, retirements, dismissals)**

Between 2010 and 2011 there have been 3400 recruitments and 17.500 retirements. In a total of 160.000 teachers (there has been a 10% reduction approximately).

### **Teacher working conditions**

Through the school closures, the increase in the number of students per classroom, and the abolition of educational services, the Ministry of Education creates intentional redundancies aiming at compulsory teacher mobility across the country. Teachers are being threatened directly with transfer to other services, with labour reserve and with dismissals, through the evaluation and through the abolition of schools and work positions.

In parallel, through the National Operational Programme of the Ministry of Employment entitled "Social Work" the government promotes even more the privatization of education creating thus medieval type working conditions for teachers. Those unemployed will sign contracts with the NGO's and then they will be subleased to the municipalities in order to work.

### **Teacher salaries**

Measures, measures, measures! Salaries and pensions are slashed and measures, more measures are taken. Every week new measures are being discussed and announced.

The new public sector pay scale has already been voted and Teachers' income has been reduced dramatically while salary is related with performance, productivity, and evaluation.

- Annual net income: 8.500-17.800 €
- Monthly net salary: 640 (1<sup>st</sup> year)– 1400 € (after 35 years)
- Salary improvement following harsh evaluation & assessment
- Limited positions in the new pyramid pay scale. Only a limited percentage of employees will be part of the Wage development.

The Greek teachers' salary which was 50% of the average Euro zone salary has been reduced to half within two years time.

### **Pension cuts – age limit increase**

Age limits have increased from 60 or 65 years to 70 (depending on the years of service).

The years of service have increased from 35 to 40 (for full retirement).

The special provision on teachers envisaging the granting of reduced pension (30/35) after 30 years of service at the age of 60 is abolished.

All along with the salary cuts there have been similar cuts in the teachers' pensions (basic and subsidiary) and more are under way.

### **New government - same policy**

With a banker as a Prime Minister and the new three-party government in Greece, the policies to be followed are going to be harsher. According to the new EU summit agreement of the 26<sup>th</sup> of October 2011, a new memorandum and a new loan agreement have been signed including harsher austerity measures and privatizations. Through this summit agreement, there is an attempt to integrate the Stability and Growth Pact in the Constitutions of all European countries. This means that this neoliberal policy will acquire obligatory and permanent characteristics. In other words, this neoliberal policy will gain compulsory and permanent characteristics. The budget voted in November 2011 is reduced by 15% according to the new memorandum-related law. Therefore, employees will be further charged with salary cuts, taxation and will suffer cutbacks in spending on public goods.

**It is clear to us that they will continue taking new measures, unless we stop them with our struggles.**

### **Conclusions – Actions**

We understand that now our claims must be political. Employees should stand up and face this ongoing storm and declare that there is a solution. There is another policy! It is not employees that caused the public debt. We do not recognize this debt. We demand that it is deleted.

- WE MUST OVERTHROW THIS POLICY AND THE GOVERNMENT IMPLEMENTING IT. WE MUST OVERTHROW ANY OTHER GOVERNMENT INTENDING TO IMPLEMENT THE SAME POLICY. TROIKA MUST LEAVE THE COUNTRY.
- We must abolish the barbaric Government-EU-IMF memorandum, the mid-term programme and all those measures emanating from these.
- We must overthrow the neoliberal policies throughout Europe.

We, the teachers, all along with the other employees in our country have organized demonstrations, protests and building occupations on a weekly basis, during that time. During the last year more than twelve strikes in the public and the private sector demonstrations took place in Greece. The Government deals with all our protests with aggression and violence, the police does not hesitate to hit citizens even children and elderly people. The day the new memorandum was voted in the Parliament (12-2-2012) the mobilizations have culminated in a huge demonstration mercilessly stricken by police turning the centre of Athens into a gas chamber. We are determined to continue our struggle.

Our belief is that Greece is **just the point of departure**, as similar policies are being implemented or are under implementation across Europe (especially in the countries of the European South). Therefore, we believe that there should be a coordinated reaction of all Federations of workers, youth and social movements across Europe.

We are aware of the fact that in Europe the governments also adopt cuts on wages and social goods. We are aware of the fact that employees are affected by this neoliberal policy. We know that those who benefit from this policy are the banks, the stock ~~exchanges~~ markets and the large companies. It is our duty to overthrow the policies which subvert our working rights, and dismantle both the welfare state and the public education in Europe.

**We suggest that we should organize joint struggles and mobilizations throughout Europe** which might include strikes, demonstrations and protests, sit-ins in public buildings and other forms of manifestation. ETUCE and EI are able to and must take on the role of the coordinator in this struggle. We also suggest ETUCE will organize delegations to European bodies with representatives from member organisations from the countries impacted by the crisis.

**With our common struggle we can overthrow the neoliberal policies in Europe. We strongly believe that employees are going to win. All together for another Europe!**

**20-3-2012**