

The social situation in Greece

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The European Union has dictated a rigid austerity course for Greece, aimed at lowering the country's existing budget deficit from its current level of nearly 13 percent to less than 3 percent. Broad layers of the Greek population reacted to the government's announced program of cuts by taking to the streets and participating in strike action yesterday. For their part, the major trade union federations are working closely with the social-democratic administration of George Papandreou to channel these protests and strikes so they do not threaten the government.

Prominent on yesterday's strike were public service workers who will be hit especially hard by government cuts. They were also joined on the streets yesterday by many farmers protesting cuts to subsidies that threaten to put them out of business.

In response to the protests European politicians, business and media representatives have undertaken an offensive demanding that the planned cuts be implemented ruthlessly, with some quarters even criticizing the government's program as too timid.

The head of the European Central bank, Jean-Claude Trichet, said Greece must strengthen its endeavours in order to demonstrate the viability of its austerity plans aimed at reducing the huge budget deficit. The plans announced so far are inadequate in order for Greece to maintain the Maastricht criteria in such a short period, according to Trichet, who is pushing for a harder course. "All Greeks must recognize that they must correct a course which has gone out of control", he said.

The head of the Munich-based Ifo Institute for Economic Research, Hans Werner Sinn, called for measures "that really hurt"—while Rolf Langhammer, vice-president of the Institute for World Economy in Kiel, demanded a clear lowering of real wages in order to revive the country's competitiveness.

The German financial secretary of state, Jörg Asmussen, also declared, "We are certainly of the opinion that additional measures are necessary by Greece". According

to Asmussen, the country must be measured against Ireland (which uses the euro as its currency) and Latvia (which does not)—both countries having begun to implement draconian cuts aimed at reducing their respective debt burdens.

These appeals have been echoed in the media. The *Nürnberger Nachrichten* insists on huge attacks on the population: "No, there is only the one way: use massive pressure to force the euro-partner onto the path of virtue. In addition to cuts in the social and pension systems, it is necessary to slash the army of state officials, make real wage cuts, increase taxes and reduce expenditure".

Cynically, the media then claims the Greek population is responsible for the debt crisis. Many interviews and comments conclude by remarking that "Greeks have lived beyond their means" and now must "adjust their belts accordingly".

In terms of wages and social standards, Greece in fact ranks amongst the worst-paid countries in Europe.

The social situation for a majority of the population has already clearly deteriorated in past years. The official unemployment rate is at present 18 percent, and according to official figures 20 percent of Greeks live under the poverty line. An even higher level is recorded by social welfare organizations.

Sixty percent of pensioners registered with the biggest state pension funds must survive on less than €600 per month, and average salaries in public service are around just €1,200.

In particular, youth unemployment has risen rapidly in recent years. In 1998, 21 percent of all 15-to-24 year olds were out of work. In 2009, this figure had risen to over 27 percent. Those youth lucky enough to get work are required to subsist on a salary averaging €700 per month.

Unemployment is a problem for many university graduates, and the situation for doctors is particularly difficult. According to figures from the World Health Organization, Greece has the highest level of unemployment in this occupational group.

At the same time, the cost of living is comparable with a

country like Germany, with basic foodstuffs such as milk, cheese and eggs costing up to twice as much. Telephone charges in Greece are amongst the highest in Europe. The cost of living varies significantly according to region, with prices higher on Greece's many islands due to high transport costs.

Rents have also increased considerably in the past few years, and in the large cities they are also comparable with Germany. In the countryside rents are lower, but there is often a shortage of accommodation with many landlords giving priority to tourists.

In relation to the cost of living, wage levels in Greece are very low compared to other Western European states—once again with pronounced regional differences: In Thessaloniki workers earns a quarter less than in Athens, in the rest of the country around 35 percent less.

Clerical employees receive on average just 40 percent of the salary paid to their counterparts in Germany for a full-time job. Within the Eurozone, incomes are only lower in Portugal. A part-time job—the only way to earn a living for single parents—does not pay enough to cover the cost of living.

The legal minimum wage is around €700, while the highest entry-level wage is €1,000 per month, paid to workers in financial services. The lowest contractually-agreed wage—around €680—is paid in mechanical engineering and the electrical and electronic industries. An engineer with up to three years professional experience earns at least €1,050 gross per month, a programmer an average €700, a secretary with knowledge of foreign languages €710, an accountant €770, and a driver €715.

Most pensions are less than the minimum wage. While pensions have barely risen in past years, the governments have repeatedly increased the retirement age. In the 1980s and 1990s public service workers in Greece retired in their late 50s or at 60. Today the retirement age lies at 65 years, with the Papandreou government intent on raising it even further, to 67.

The government also plans to implement cuts to the country's health system, which is already in an appalling condition. A national health service (ESY) was created in the 1980s, guaranteeing basic health care for all and was aimed in particular at providing health care for Greece's rural regions.

In the 1990s both social-democratic and conservative governments withdrew funding from the state-administered health insurance companies, in part to participate in obscure stock exchange transactions. As a

result the health insurance system encountered growing problems that were further exacerbated by the stagnation of wages. There are currently claims totalling €5 billion on the health insurance companies lodged by doctors, hospitals, pharmacies and laboratories.

The catastrophic situation in the health service has led to widespread corruption. The combination of low wages and thousands of permanent posts for doctors and maintenance personnel remaining unfilled in state hospitals means that bribes are a part of everyday life. Anyone seeking basic care or an earlier date for their operation slips the doctor a “Fakelaki”—a small envelope containing cash.

Younger physicians, who speak out against such immoral practice or reject such payments are likely to be pressurized by their colleagues for threatening what is widely seen as a vital wage supplement. “The birth of a child in a public hospital, for example, must be lubricated with the sum of €1,000”, reported Ellen Katja Jaeckel, the head of the Athens office of the Goethe Institute, in an interview over the protests in Greece 2008.

Zachos Kamenidis made the same experience. He runs a plumbing company close to Thessaloniki, the country's second largest city. Like many others he referred to growing social decline. “Most people have to get by here with between €600 to €700 euros”, he said. He receives €250 per month from the state for his three small children. When his wife was more pregnant with their last child, she had to pay a private practice €140 for an ultrasound. In one of the state hospitals in Thessaloniki, there is no ultrasound equipment.

At the same time, corruption is not limited to the health service. The Greek professor of macroeconomics at the University of Leipzig, Spiros Paraskewopoulos, estimates that a Greek average family must pay approximately €1,600 per year in bribes.



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