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Employment and social developments in Greece

Study for the EMPL Committee

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STUDY

Abstract

This document presents employment and social developments in Greece up to 2015, by tracing the record of reforms and examining indicators since the years before the beginning of the crisis. In December 2014, the Greek crisis had decreased national income by 25%, compared to 2007. The postponement of necessary reforms was prominent among the causes of the crisis, and during the crisis the gaps in the social protection system delayed adjustments and worsened the impact of austerity measures. The reform agenda was assigned a key role and institutional reforms, started in 2010, are still incomplete. Unemployment and poverty mostly hit younger people, for whom a system focused on pensions offers no help. The third bailout agreement involves the completion of the reform agenda and addresses criticisms expressed against earlier programmes.

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LIST OF ABBREVIATIONS

AROPE	At-risk-of-poverty rate and social exclusion
DRGs	Diagnosis Related Groups
EKAS	A means tested supplement granted to pensions
ELSTAT	Hellenic Statistical Authority
EMU	European Monetary Union
EOPYY	National Health Service Organization
EPL	Employment Protection Legislation
ESPROSS	European System of Integrated Social Protection Statistics
ESM	European Stability Mechanism
EU-SILC	EU Survey of Income and Living Conditions
GDP	Gross Domestic Product
GMI	Guaranteed Minimum Income
GOFOG	Classification of the Functions of Government
ILO	International Labour Organisation
IMF	International Monetary Fund
LFS	Labour Force Survey
MoU	Memorandum of Understanding
OAED	ManPower Employment Organization, Greece
OHCHR	Office of the High Commissioner for Human Rights of the UN
PAYG	Pay-as-you-go (financing current pensions from current contributions)
PBO	Parliamentary Budget Office, Greece
PES	Public Employment Services
UB	Unemployment Benefit
WB	World Bank

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EXECUTIVE SUMMARY

A report on the employment and social aspects of the Greek crisis cannot confine itself to the crisis period. The Greek crisis did not 'come out of the blue' with the first bailout in 2010. Any narrative that starts then will miss important parts of the story. Equally, the report must look at employment and social policy in a wider context. Social policy should not only deal with the impact 'after the fact', but is also linked to the causes of the crisis, and influences how matters evolve over time.

Before the crisis, incomplete reforms in employment and social policy were the cause of fiscal problems. During the crisis, adjustment programmes could not use social safety nets and employment systems as instruments. Attempting to introduce reforms in the height of the crisis may have made it worse. Finally, after the crisis, most exit strategies stress structural change as the way to restart the economy.

Looking back, reforms to modernise the Welfare State, away from relying on the family and towards an inclusive and flexible labour market, had stalled in the late 1990s. Cheap money due to euro membership encouraged further delays in the decade of the 2000s. As a consequence, unlike other countries, Greece entered the crisis with an unreformed social protection system and employment infrastructure.

An economy in crisis needs social policy to cushion social effects. In Greece, which was attempting to adjust while remaining in the Eurozone, social policy was also an instrument for adjustment. Consequently, the two bailouts put reforms in this area at centre stage. Even so, despite a flurry of reform activity, a coherent new system was still under construction as the second programme was ending in 2014.

The Greek crisis is exceptionally deep and long lasting. From the time GDP figures started falling in 2008 and to 2014, income per head has fallen by a quarter. This means that even individuals who have done better than the average would still have suffered major falls in their standards of living. When interpreting statistical indicators, one should not forget that many of them were designed with an expectation of slowly rising well-being. When the same indicators are applied to Greece, they can sometimes be misleading.

The paper surveys changes and examines key indicators in four fields of reform activity:

- **Pensions** were the first issue addressed in 2010, the aim being to secure long term sustainability. However, the attempt to cushion the generation approaching retirement led to expenditure overruns. These necessitated cuts to all existing pensions, graduated by pension size. These exceeded 40% for larger pensions, but for the majority were lower than falls in wages. Despite these cuts, Greece is the EU country with the largest pension spending in percent of GDP.
- In the **labour market**, changes were extensive, though a clear and coherent direction was lacking. The trebling of unemployment, especially among the young, could not be prevented; most of the unemployed were not covered by social benefits, making the lack of a job the main factor causing poverty.
- The absence of a **social safety net** led to widespread hardship, evident in large falls in living standards. Relative measures of poverty, though, show a more modest impact. The crisis affected people of similar income characteristics differently; a focus on the rich/poor dichotomy can be misleading. For example, there was a major shift of poverty risk from the older population, where the risk of poverty fell, to working age families, for whom there were gaps in social protection.
- **Health Care** changes concentrated on cost containment and demand management in order to reverse the pre-existing rapid expenditure growth. Only isolated evidence

exists of a general deterioration in health outcomes for the general population, though there might be problems in store for the future.

The reform agenda at the stipulated end of the programme in 2014 was incomplete. However, the economy showed hesitant signs of recovery, such as the first rise of GDP in six years.

The government that took office in January 2015 was opposed to austerity and was committed to negotiating a different approach. Consequently, the first half of 2015 was devoted to intensive negotiations. While these negotiations were taking place, all financial needs had to be serviced internally, that is, from taxation and delaying payments. This compressed liquidity, chiefly affecting the private sector. The standoff culminated in bank closures and in capital controls at the beginning of July. During the period of negotiations, the government passed social measures to counter the 'humanitarian crisis' and delayed the implementation of legislated measures. In August, and under the threat of having to exit the Eurozone, the country approved the third consecutive adjustment programme, which is to run to 2018. The September national elections gave the previous government a renewed, post-adjustment, mandate.

The third bailout agreement, in essence, involves the completion of the reform agenda. It is more detailed and more front-loaded than its predecessors. In many instances it foresees that the Greek authorities can come up with alternative proposals; however, if deadlines are not met, the new Memorandum of Understanding specifies detailed default measures.

In pensions, institutional consolidation and entitlement standardization are combined with blocking early retirement. In social safety nets, a unified system is to cover the entire population; existing provisions for pensioners will be incorporated in the new system. In employment, international best practice with the aid of the ILO will complement the previous agenda. In social policy a review will come before the adoption of measures based on international best practice.

The hesitant recovery in early 2015 was interrupted by liquidity shortages. The situation threatens to become worse with the delayed effects of capital controls. Though the economy has shown resilience, a return to growth is unlikely to be visible before mid-2016.

The successive bailouts have been criticised from a number of directions. There is concern about infringement of individual social and economic rights and of employment rights. Much of that criticism is due to the procedural issues and raises key questions for democratic governance. In many cases, changes that had been under discussion for years were decided within days. An important issue to be addressed is how to share the total burden of adjustment between population groups and between generations.

A second criticism highlights the missing growth dimension. It focusses on the insufficient contribution of investment, and by extension of the EU structural funds. This is influenced by shortcomings in administrative capacity and highlights the need to upgrade it. To be able to grow out of the crisis, the country needs to plan and implement successful investment programmes.

1. INTRODUCTION AND THE BACKGROUND OF THE CRISIS: THE GREEK CONTEXT AND REFORM

KEY FINDINGS

The fall in GDP of 2008 predated the bailout by two years, dispelling any easy identification with austerity. By 2014 income per head had fallen by a quarter; this implied a huge burden of adjustment to be shared out. In such situations, many of the relative indicators of well-being can be misleading.

If the antecedents of the crisis are not examined, there is a danger of confusing causes and effects. A reform agenda to modernise the welfare state to move away from relying on the family had already stalled in the 2000s; as a consequence the country faced the crisis with unreformed social protection and employment systems.

1.1. Introduction: scope of the paper

The Greek crisis is the deepest and longest recession of any country in peacetime since the Second World War. After six years of externally-supervised adjustment, it shows little sign of coming to an end. Employment and social protection played key roles. They were linked to the causes of the crisis, they were part of crisis dynamics, but also were the point where much of the cost of the crisis is faced.

Unless events and developments in the social and employment fields are seen in the context of long term developments in Greek society, it is easy to confuse cause and effect. Another confusion exists between different kinds of effects; those effects due to discretionary policy choices and those which were themselves caused by the crisis.

The key question is the role played by reforms and structural change in the causes and mechanisms of the crisis. We must look equally at the period before, during, and after the crisis. Was the absence of reforms to blame for *starting* the crisis? Were the reforms adopted during the crisis part of a mechanism making it deeper and longer? Will those same reforms enable an exit from the crisis or will they undermine it? These are politically highly charged questions. In order to approach them, it is important to guard against pre-conceived ideas and to factor in all available information.

This paper focuses on social policy and on its key components: pensions, employment protection, the social safety net and health care. A survey of policy changes is followed by an overview of statistical indicators: this allows drawing out a small number of robust factual conclusions[1]. **The treatment is divided into three temporal units**: what came before the crisis; what happened during the earlier part of the crisis, i.e. developments from 2009 to the end of 2014; and finally the tumultuous developments during 2015.

Many treatments of the crisis begin in 2009, the year it is conventionally thought to have started. In starting then, it is easy to ignore the origin of the problems that only surfaced then. Knowing what came before provides the context in which measures were taken. Without that knowledge, it is easy to confuse the cure for the disease. This survey thus starts by looking at what came before 2009/10. It looks at some of the issues in employment and social policy over the years between Greece joining the euro and the start of the crisis.

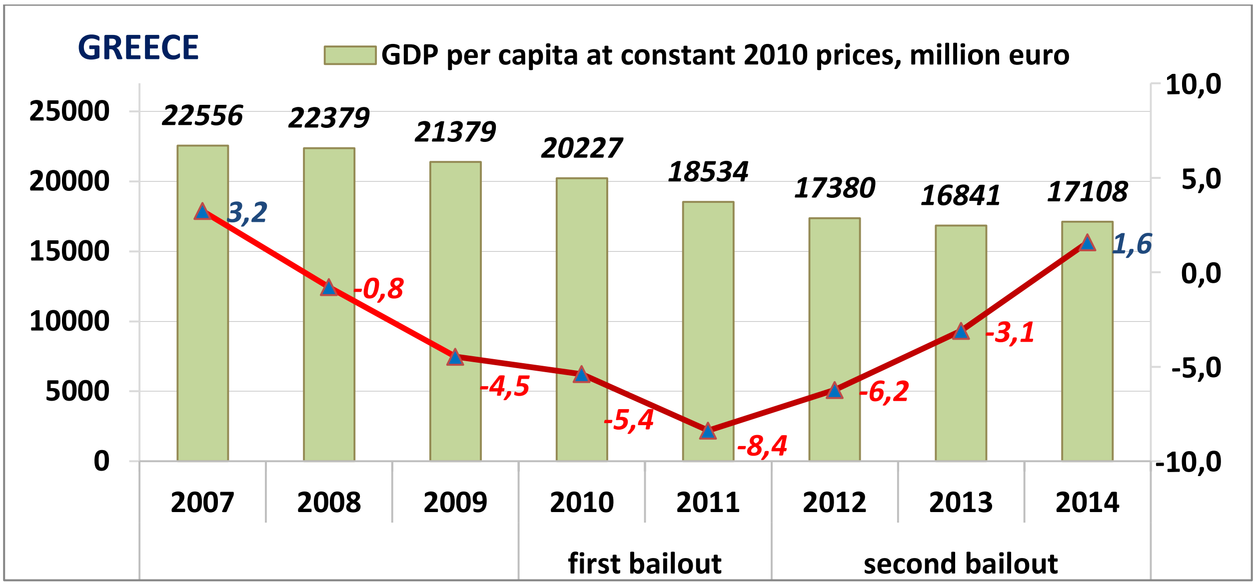
[1] The full analysis from which these conclusions are drawn is to be found in the statistical Annex.

The Greek public finance crisis was first brought to international attention in October 2009, when the size of the public sector deficit became apparent[2]. That deficit, when combined with outstanding debt of over 100 % of GDP and rising interest rates, led to a clearly unsustainable fiscal situation (Mitsopoulos and Pelagidis 2014). Responding to the challenge necessitated major institutional innovations at the EU and world level. It finally led to the first bailout of May 2010 (Eichengreen 2015). This bailout was accompanied by detailed conditionality and heralded the entry of Greece into a process of supervised adjustment, in which it remains.

1.2. The phases of the crisis: GDP change 2008-2015

Figure 1 shows annual GDP growth from 2007. The decrease starts *before* the international credit crunch and continues to 2014, which was to have been the end of the programme [3]. Two observations are in order: first, up to the start of the crisis the Greek economy enjoyed robust growth. Second, the first recessionary period begins in 2008 and clearly predates the conventional start of the crisis; it coincides with a strongly expansionary fiscal stance. This, in itself, precludes any easy identification of the crisis with austerity. The bailout period is punctuated by two developments: supplementary measures were passed in July 2011, while the second bailout in May 2012 was accompanied by a write-down of sovereign debt held by the private sector, leaving officially-held debt unaffected. During the entire period the economy was in a continual recession, albeit at lower rates towards the end. This culminated in a slight rise in 2014.

Figure 1: Real GDP per capita in Greece, 2007-2014 (Levels and rates of change)



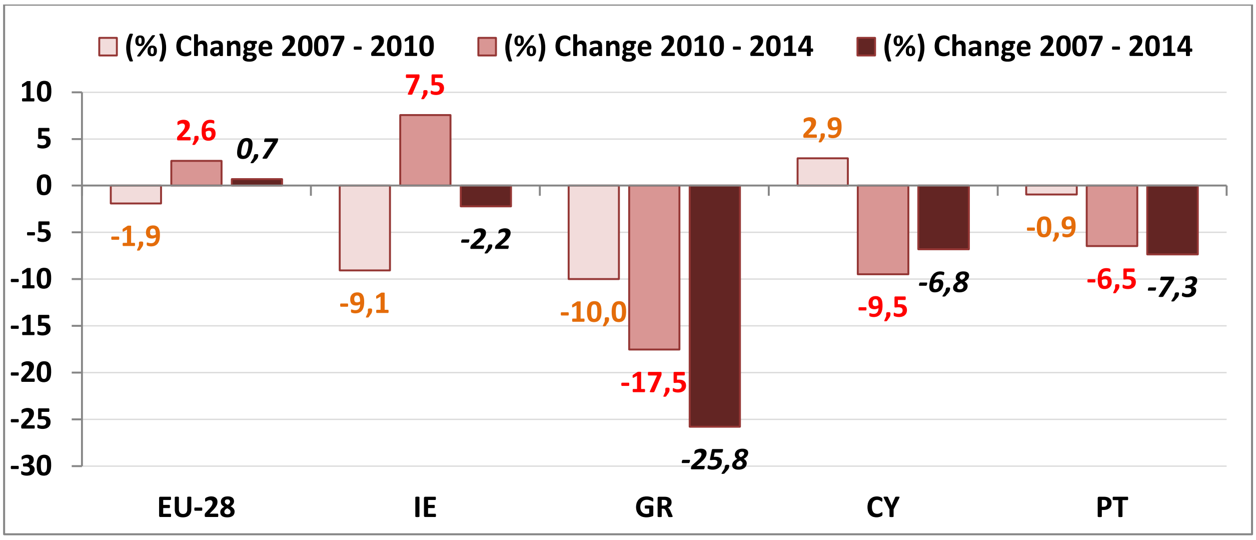
Source: Hellenic Statistical Authority (EL.STAT.)

A sustained downward path snowballs and produces deep cumulative falls of a kind unprecedented in peacetime. Figure 2 shows that real GDP per person in 2014 was over a quarter lower than in 2007. We are used in advanced countries to conducting most commentary against a background of steady improvement, in which even constancy is out of the ordinary. As a result, the social indicators which are most commonly used measure change around a rising point of reference. They thus, essentially, track how prosperity is being shared out. In the context of the Greek freefall, however, the point of reference itself

2 The original estimate was for 2.9 % deficit; this after several revisions turned out be 15.9 %.
3 Figure A1 in the Annex A contrasts the course of GDP in Greece with other bailout countries. The fall is deeper and more sustained.

is continually falling. Any person whose wellbeing fell by less than a quarter will, by the usual measurements, be considered 'lucky', despite being worse off than he previously was. In the same way, a given nominal amount (in Euros), when expressed as a share of the falling GDP, will show a rise. The same nominal amount will thus absorb a larger slice of the shrinking pie of productive potential (GDP).

Figure 2: Cumulative change in per capita GDP in Greece, other programme countries and the EU-28 (2007-2014)



Source: Hellenic Statistical Authority (EL.STAT.) Annual national accounts.

1.3. The Antecedents of the crisis: Structural reforms in Greece

Structural reform in social protection and employment has been on the Greek agenda for a long time; indeed, it was a key component in a long process of 'Europeanisation' or 'modernisation' of Greece. (Featherstone and Papadimitriou 2008, Kalyvas et al 2012). If one is to understand the crisis, it is important to encompass the point of departure, the direction of change and the difference EMU made in the 2000s.

The point of departure

Greece is an example of the 'Mediterranean welfare State', a key feature of which is a reliance on the family for many tasks that the Welfare State undertakes elsewhere. This is facilitated by a system of production centred on small family firms, on self-employment and on widespread owner occupation of housing. State social protection expenditure is concentrated on cash transfers and long term benefits, such as pensions, and uses targeting sparingly. **The family remained responsible for social emergency help** – what is usually thought of as the social safety net. Pensions are supplied by diverse pension providers linked to the State, though on an exceptionally fragmented basis, encouraging endemic inequities. Health care is organised on a hybrid system combining a universal model for hospital care with social insurance for primary care. A limited role for supplementary insurance means that an unusually large proportion of treatment has to be financed by families, that is, *after* the need for care is made evident, i.e. after the onset of illness.

The direction of change

The '*Recalibration of the familial welfare state*' (Ferrera 2010)–was a shared aim for Mediterranean Welfare States. In order to implement this strategy, the State was to assume progressively greater responsibility, by filling gaps in social protection, most frequently in safety nets. In Greece, rhetoric followed other countries, but progress was limited (Lyberaki and Tinios 2015). Some urgency was added by an awareness that the, in any case dysfunctional, **pension system** would have to contend with extreme demographic pressures (Spraos Report 1997). The impending demographic challenge was stressed by the Open Method of Coordination when applied to pensions in 2002 (Tinios 2012). Some pension reform took place in 1992, yet further reform stalled in 2002.

In **employment,** the 1980s saw a fall in growth rates, accompanied by a fall in productivity growth. Much of the labour force growth was absorbed by increased public sector employment. This favoured **a two-speed labour market (insiders/outsiders)** – and a concentration of labour market pressures at the entry points of the labour market, i.e. young people and women (Burtless 2001). The 2000s were characterised as a period of **'jobless growth',** which was seen as the main shortcoming to be overcome. Greater flexibility was considered as a remedy for that, already from the mid-90s, but little concrete progress took place. Finally, a transformation of **gender roles** was linked to the availability of care work. Since the 1990s, women were able to leave the home for paid work by using child- or old age- care services provided by female immigrants (Lyberaki 2011). Female labour participation, nevertheless, remained well below even Southern European norms.

The post-EMU policy environment

EMU entry was originally seen as an instrument towards 'modernisation', in the sense of adding an impetus to needed structural change. Institutional and structural convergence would have cured the competitiveness gap, which was acknowledged as a key problem. This expectation proved too hopeful. Instead, what transpired was a mechanism that Fernandez-Villaverde et al. (2013) identified: access to credit in the common currency allowed countries to finance themselves more easily. By bypassing budget constraints, it removed a key pressure for structural change[4]. Thus, **instead of financing investment to improve competitiveness, lower interest rates fuelled consumption.** In the period to 2007, the coincidence of low interest and high income growth enabled the easy financing of a national public debt exceeding 100 % of GDP. This, however, was **equivalent to skating on a knife-edge**. The 2008 credit crunch raised interest rates and reduced income growth. These two conditions in themselves would have would have pushed the country off the edge, by making debt unsustainable. The explosion of primary deficits in 2008/9 only made matters worse and ensured the emergence of the crisis a year later.

In conclusion, **the crisis found Greece halfway along an incomplete structural reform trajectory. Though there had been an awareness that competitiveness and social justice necessitated structural reform, EMU membership acted, on balance, to postpone rather than to favour adjustment.**

[4] In Greece, the preparation for the 2004 Athens Olympics added another reason to postpone reforms.

2. LEGISLATIVE CHANGES AND DEVELOPMENTS IN THE SOCIAL AND EMPLOYMENT SITUATION UNTIL 2014

KEY FINDINGS

Social policy cushions the impact of the crisis. In Greece it also had to facilitate internal adjustment. So, the programme had to provide, and even invent, social infrastructure that was already present in the tool-boxes of other countries. Consequently, the two bailouts put reforms in the social policy field at centre stage. However, at the end of the programme in 2014, a coherent new system was still lacking.

Pension changes addressed long term sustainability. The attempt to protect accrued rights of the generation close to retirement meant that early retirements caused expenditure overruns. These necessitated cuts to existing pensions, which for some exceeded 40 %. Even so, a rise in total pension expenditures could not be prevented.

In employment, changes aiming at greater flexibility were extensive, though a clear and coherent direction was lacking. These changes could not prevent a trebling of unemployment, mostly outside unemployment benefit protection.

The absence of a social safety net implied widespread hardship for the population. Relative measures of poverty, though, show a more modest impact. There was a remarkable shift of poverty risk from the old (whose relative poverty risk fell) to working age families with insufficient access to the labour market.

Health changes concentrated on cost containment and management of the demand for care in an attempt to reverse very rapid pre-crisis expenditure growth. Only anecdotal evidence exists of deterioration in health outcomes of the general population.

The role of social and employment policies in the adjustment strategy. At the outset of the crisis Greece was confronted by a three-faceted problem (Christodoulakis 2011, 2015): *first*, it faced a public finance problem, an inability to pay for the State. *Second*, it confronted a competitiveness problem, an inability to pay for imports. *Third*, it was burdened with insufficient saving, an inability to pay for investment needed for growth. Membership in EMU ruled out the 'classic' solution of devaluation. A common currency is equivalent to having permanently fixed exchange rates. For this reason, competitiveness and the restoration of public finances were pursued through structural adjustments, in a policy that can be thought of as an internal devaluation. Such a policy had been followed earlier by Latvia and was to be implemented by the other bailout countries (Blanchard 2012). In this strategy, social and employment structures are assigned two roles: firstly, to add flexibility to allow a realignment of production towards tradeable sectors. Secondly, to ameliorate the social cost of recession. Addressing social problems enables macroeconomic adjustment to go faster; in this way, **social policy is a tool to widen the macroeconomic policy options**.

The European welfare states developed after the War partly as a reaction to the Depression of the thirties. Their design would therefore be tested in periods of deep crisis. The problem faced by Greece was that such a welfare state had yet to be constructed. Reforms implemented *after* the bailout had to provide (and in some cases even invent) the social infrastructure to deal with the crisis. **Whereas other countries had a crisis tool-box at hand, Greece's own social tool-box was empty**.

2.1. Policy changes 2008-2014

2.1.1. Pensions

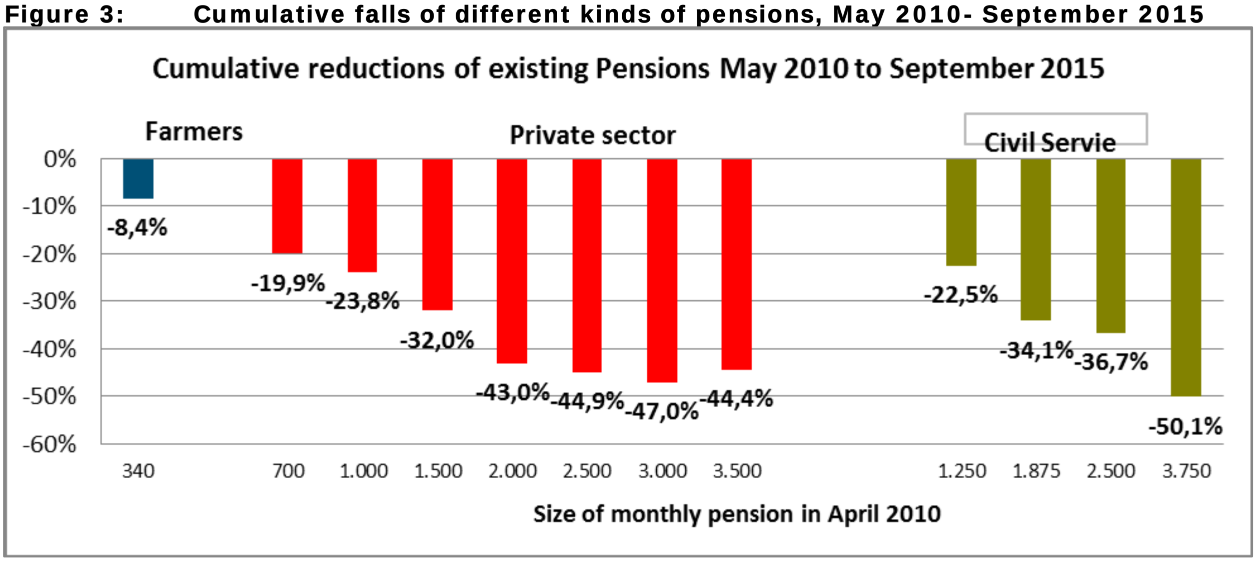
In 2008, months before the outbreak of the crisis in the US, the latest in a series of pension reforms was passed (Law 3655/08). This changed the façade of the system, by folding many pension providers into larger units, without altering basic insurance and entitlement parameters. Given the limited ambition of that bill, there was little surprise when pension reform was the first piece of legislation promoted as part of the bailout .

The pensions reform law 3863/10 was the first and, according to the IMF (2013), most effective, law passed (Panageas and Tinios 2016, Tinios 2015, Symeonidis, 2015). It was followed by a number of other laws, the result being a drastically altered pension scene by late 2014.

Long term pension viability is held to have been secured, in the sense of drastically reducing pensions outlays projected for 2060. This was due to a new two-tier pension system based on career earnings and a drastic raising of retirement ages for younger contributors. **However, these changes would only have a measurable impact after 2020**. This was due to an evident desire to exempt individuals close to retirement. This was done by introducing the new system gradually and by expanding the share of people who would not be affected. It is no exaggeration to say that this type of **'grandfathering' exempted the privileged part of the Greek baby boom**. [5]

The original 2010 legislation foreshadowed further laws that were passed in 2011 and 2012 to deal with other pension-related matters. One such was the system of '**arduous and unhygienic occupations', which allowed early retirement** for 40 % of private sector contributors. In late 2012 this list of occupations was cut down to a third; yet it left unaffected those who already had ten years' service. This enabled two contradictory claims to hold simultaneously. Hairdressers, to take a well-known example, were indeed removed from the early retirement system, as new hairdressers are subject to the general rules; however, most hairdressers today -at least those who have worked for ten years - will still enjoy early retirement.

Figure 3: Cumulative falls of different kinds of pensions, May 2010- September 2015



Source: Tinios, 2013, updated for 2014 cuts in auxiliary pensions and 2015 increase of pensioners health contributions. Impact may differ according to the type of auxiliary pensions and their share of the total. Sums are annualised to take into account the abolition of holiday bonuses.

[5] The Greek baby boom began a little later than in Western Europe. In Greece, the baby boom coincides with what is known as the 'Polytechnic Generation', i.e. the people who became politically active in the 70s.

Structural reforms did not 'bite' during the crisis. **Pensions continued to appear from the outside as a 'safe haven' from the labour market.** The result was an exodus into early retirement, chiefly by public sector workers and women. This increased expenditure and, when combined with falls in revenue due to unemployment, led to deficit overruns. Before the crisis, pensions were one of the main sources of unforeseen fiscal problems, a perennial source of 'Fiscal surprises'. These 'surprises' remained a feature of pensions even *after* the reform. A key difference with the situation before the crisis was that no compensating additional borrowing was possible. Funds to cover the overruns could only be sought from within the pension system.

This was attained by **cutting pensions of all pensioners,** regardless of age or of contribution history. Ten different cuts took place from 2010 to 2013, on a progressive scale, based solely on the size of the pension. Low pensions were only affected by the abolition of holiday bonuses (the 13th and 14th monthly pensions), meaning an annual fall of 14 % (Figure 3). Cumulative cuts of larger pensions were much larger, over 40 % for the group of pensioners with entitlements over EUR 2000, a group comprising less than 5 % of the total number of pensioners. The official claim that 'pensions were cut by 40 %' thus affected a tiny minority; the vast majority of pensioners, who collected pensions less than EUR 1000, were affected by substantially *less* than the average fall in private sector earnings. The constitutionality of cuts was challenged. The cuts of 2010 and 2011 were deemed constitutional by the Supreme Court; the same Court, however, ruled in April 2015 that the 2012 and 2013 cuts were *not* constitutional. This decision has yet to be acted on.

One of the features of fragmentation is the existence of **auxiliary pensions**. These provide an additional tranche of income to pensioners, offering roughly 20 % replacement of pensionable earnings as opposed to 80 % for primary pensions. The economic logic of auxiliary pensions is little different from primary pensions: They are both provided by State bodies, are compulsory, and are financed in the same way. Nevertheless, they were excluded from the 2010 legislation, on the grounds that they will henceforth not be entitled to public subsidies. The 2010 law introduced a new distinction between primary and auxiliary pensions which did not exist before. A new law in 2012 gave this distinction operational significance: in order for public subsidies to be ruled out, auxiliary pensions paid out to all current pensioners (what is known as pensions-in-payment) will be adjusted downward to cover shortfalls on an annual basis. Cuts of approximately 5 % were already imposed in 2014, but more were in line for subsequent years, most notably for 2015.

2.1.2. Employment and labour market institutions

Attempts to move labour market institutions to deal with chronic unemployment, low participation and jobless growth had been mooted since before EMU (Featherstone & Papadimitriou 2008). A key concern was that **some groups of the population were absent from the labour market** (women, younger workers), while others were overrepresented, e.g. by working long hours. Self-employment, family work and small businesses were present in large numbers.

The institutional structure was characterised by relatively high employment protection (length of notice, severance pay, collective dismissals procedures); by working hour restrictions favouring overtime and full time work; and by collective bargaining procedures. The latter ensured limited wage differentiation and helped the uniform imposition of negotiated wage rates (Lyberaki et al 2016). Legislation was unevenly implemented, leading to a **two-speed labour market of insiders and outsiders**. In this context, the extensive public sector led the way for pay and worker rights. The picture is completed by a **high tax wedge**, mainly due to employers' contributions for pensions, combined with modest unemployment benefit protection. The overall system, as in other Southern countries, **was oriented to protect jobs, chiefly of insiders, but not people**. The unemployed in particular enjoyed little protection.

In a strategy of internal devaluation, labour market reform has pride of place, as a lever towards competitiveness. Political economy considerations, however, meant that, even though many changes were scheduled for autumn 2010, structural reform did not start in earnest until 2012. There were changes on a broad front, falling roughly into four groups:

- *First*, **urgent crisis measures** to cope with the public finance emergency from 2010. These included cuts to public salaries, which started in 2010 and accelerated in late 2012, including the abolition of holiday pay, which, however, was maintained in the private sector. A strict 1 to 5 hiring rule, where only one new hire could take place for every five departures, was combined with early retirement to reduce the public payroll. A great deal of emphasis was placed by the three Institutions involved in the bailout (then known as the 'troika') to break the taboo against redundancies in the public sector. A system of labour reserves was created: Rather than examining individual cases on merit, entire categories of employees were placed in that reserve in order to satisfy the targets set in the second bailout (namely: school guards, municipal police, university administrative staff, employees of the State broadcaster when that was closed down).
- *Second, a* set of urgent **measures were designed to increase competitiveness**. In February 2012 the national minimum wage was reduced by 22 % (32 % for the under-25s) and was to remain frozen for the duration of the program. Seniority payments were suspended until unemployment drops below 10 %, while collective agreements in force for more than three years were automatically terminated. The combined effect of the two sets of measures was to **allow pay to fall,** but also to redress public/private wage differences to favour the private sector.
- *Third*, **structural reforms.** The minimum wage will be set by the government, rather than, as previously, by negotiations between the social partners ratified by law. Legislation encouraged firm level agreements, as they are thought to reflect production conditions more faithfully: to this end, preconditions for worker representation were simplified and a possibility of employer opt-out was allowed. In this way, sectoral agreements no longer provide a floor for company-level bargaining. **Employment protection was in some respects relaxed**: notice for dismissals was reduced, as was severance pay; and the threshold for collective dismissals was raised, though the Minister of Labour retained an important role.
- *Fourth*, changes in **unemployment benefits**. Only a **small minority of those registered at the public employment services receive a benefit**. While both the replacement rate and the duration of benefits are low, conditions linking eligibility with job search were introduced to limit the abuse of the system as a seasonal jobs subsidy[6]. The reduction of minimum pay led to similar reductions to unemployment benefits. To counterbalance this, the maximum length of unemployment benefit was increased to 12 months. A new unemployment assistance was introduced to cover the period after the eligibility for unemployment insurance expired, that is, a new welfare benefit given out after a strict means test and financed out of general revenue[7].

Lyberaki et al 2016 survey the changes. They conclude that while labour market reforms were broad and affected many aspects, 'there was a piecemeal feeling about the whole

6 Workers in seasonal industries would accumulate social insurance contributions when working and draw unemployment benefit in their 'off seasons'.

7 Karantinos 2014 catalogues the labour market and collective bargaining interventions.

process, rather than a clear and coherent direction'. The detailed nature of some changes, and the overlay of separate regulations relating to hours, dismissals and wages meant that changes may operate in unforeseen and unpredictable directions. In their analysis, **the overall situation lacks clarity as well as a sense of strategic direction**. Nevertheless, it remains true that much has been done, for instance by improving Greece's standing in the OECD EPL ranking.

2.1.3. Social safety net and other social benefits

Greece does not possess a formal social safety net. A means-tested benefit (EKAS) in 1996 covered pensioners exclusively, on the argument that only pension income was reliable enough to limit leakages to non-poor individuals. Some attempts to spread means-testing faltered in the early 2000s. Much Greek policy commentary implicitly treats minimum wage protection as a mechanism of social protection; this ignores the fact that most poor are beyond the reach of employment protection. Most short-term social benefits are categorical and only ten percent use a means test; they address a given category of need, such as having a large family or a disability, irrespective of income and other circumstances (OECD 2013b). This means that social expenditure will not follow the macroeconomic cycle.

The **first bailout agreement contained a requirement for the authorities to table proposals for a functioning safety net** in September 2010. This deadline passed unremarked. In the second bailout, and under the direction of the World Bank, a modest six-month pilot programme was launched in thirteen municipalities. The programme was only started in December 2014 and was limited to non-pensioners (Ministry of Labour 2014, World Bank 2015). The ambition of the programme is evident through its modest budget, as well as by the absence of provision, at least initially, to assess the programme for wider use.

Benefits in kind during the crisis often fell victim to local authorities' cash constraints. A long term care programme, handled by municipalities, which was financed originally by structural funds, had to be transformed into a programme for pensioners, in order to be able to tap funds from social security.

Turning to **housing**, the traditional emphasis was on owner occupation (OECD 2013). Unlike the social housing situation in other countries, the Workers' Housing Organisation was concerned with favouring owner-occupation. Its abolition thus passed without major social repercussions. Given that the crisis was not preceded by a housing bubble, as in Ireland or Spain, pressure for repossession played a smaller role. Nevertheless, there had been an expansion of mortgages which created difficulties with debt repayments and demands to protect owner-occupiers from repossessions. These difficulties were greatly compounded by the sharp increase in property taxes from 2011, which essentially treated the holding of real estate as a kind of 'stored tax evasion'. Given owner occupation, even among the poor, and the importance of property holdings, these taxes could impact income security even for less-well-off groups.

2.1.4. Health

The key pre-crisis characteristic of health care was an **exceptionally rapid growth in public expenditure, accompanied by widespread user dissatisfaction** (Economou 2015). This could indicate that the increases were largely supply-driven. The cost increases were not without an effect on household budgets. Households have always borne more than a third – 37 %– of the total cost. Health costs would weigh more heavily on the poor rather than the rich, thus operating in a regressive manner. The sick would also be burdened financially more than those in good health. Private insurance raises funds before a hazard occurs, i.e. at a time when health is good; it ensures that health costs are borne when people's health is not an issue. However, private insurance is in low single digits. Given that household spending occurs at the time of greatest vulnerability, this acts to strengthen the negotiating power of health professionals. In consequence, **supply side improvements were a key aspect in restraining public expenditure.** Reversing recent cost inflation gave rise to an expectation of possible fiscal gains with little pain.

The **first measures taken rationalised demand,** by consolidating the fragmented Health Insurance system and divorcing it from pensions. The pension law 3863/10 separated the health branches of the social security funds and placed them under the Health Ministry. In June 2011 **all Health social insurance funds were merged in a single entity** (EOPYY) to create a single purchaser. This entity was also tasked with managing primary care - coordination, contracting with providers and setting quality and efficiency standards. It is obliged to cover all citizens, even the unemployed or bankrupt, by providing free access to physicians and medicines, regardless of insurance status. Those who are uninsured, for example due to the crisis, could be covered by the public budget or other sources (e.g., European Social Fund or the European Cohesion Fund) on a pre-determined annual basis. A EUR 5 entry charge to access hospital facilities was introduced, as much to regulate demand as to generate revenue, but aroused widespread controversy.

On the supply side, there was an effort to decentralise health authorities and the hospital sector, as part of local government reform. However, the new regional authorities have yet to make their mark. **Major efforts were expended to contain costs in hospitals,** involving structural reforms (some mergers of hospitals), changes to the hospital payment system (launching of DRGs), reductions in the cost of hospital supplies (new procurement system), and changes in pharmaceutical pricing. In February 2014, new legislation established the National Primary Health Care Network, coordinated by the regional health authorities, and a referral system based on General Practitioners.

Greece has the lowest number of hospital nurses per 1000 population in Europe (OECD, 2014a). Exacerbating this problem, after the MoU, many health care professionals decided to retire early, while others have emigrated; consequently, **staffing levels have deteriorated**. To reduce health system input costs, salary cuts were applied in 2010 to all public health care staff (12 % in January 2010 and a further 8 % in June 2010). Pay was hit horizontally by tax increases, a new unified salary system for all civil servants and through the "special salary system" for doctors. Moreover, performance-based productivity bonuses were not implemented, given that no targets were set, nor did any staff evaluations take place.

2.2. Related changes in Statistical indicators

To provide a complete picture of statistical indicators would overburden a short paper[8]. To facilitate understanding, a complete statistical treatment based on Eurostat comparative indicators can be found in the four statistical annexes. Each table or figure of the Annex is labelled by capital letters; e.g. Table A2 is the second table of Annex A. The presentation in the main text highlights key findings to form a narrative of the crisis; it also introduces the more detailed treatment of the Annex. The figures or tables in the main body of the text are labelled by number only (e.g. Figure 1).

[8] OECD 2013a surveys studies in a chapter on the 'Fair Sharing of the Costs and Benefits of adjustment'.

2.2.1. Total expenditure on social protection (data in Annex A)

Total government expenditure[9] **grew considerably between 2007 and 2010** (Table A2), both in absolute terms and as a share of GDP. As a result, the subsequent fall rolled back some of the previous increases. If the reference year is 2010, reductions appear far more dramatic than if we use 2007. This is certainly the case for social protection, expenditure on which grew by 16.7 % between 2007 and 2010 and fell in value by 18.4 % in the following three years; the overall fall is only 4.8 % in the entire period (Table 1). This reduction is considerably lower than for general public services and for other categories dominated by payroll expenses. In consequence, **social protection expenditure was relatively protected** compared to other public expenditure. Its share as a percent of GDP grew in comparison to both 2007 and 2010. This relative buoyancy is due to the dynamic behaviour of pensions and other long term benefits (Figure A2). A paradoxical finding is that, in contrast to other countries facing deep crises, the expenditure categories thought to be 'automatic stabilisers' –short term benefits and social safety net expenses – *fell* both as a percentage of GDP and in absolute amounts. In consequence, **Greece is the only country where *per capita* social protection expenditure is lower in 2013 than it was before the crisis in 2007** (Figure A3).

The continued rise of pensions is shown in Figure 4. **Despite the pension cuts, Greece has the highest share of pensions in GDP in the EU in 2012.** This holds true even compared to countries such as Germany and Italy, where ageing has proceeded furthest. Though the 2013 cuts have apparently reduced the figure of 17 % of GDP to 16.2 % (European Commission 2015), that would still remain at the extreme end of the EU[10].

Table 1: General government expenditure by function, in million euro, General Government, Greece 2007-2013 (*% of GDP in brackets for selected indicators*)

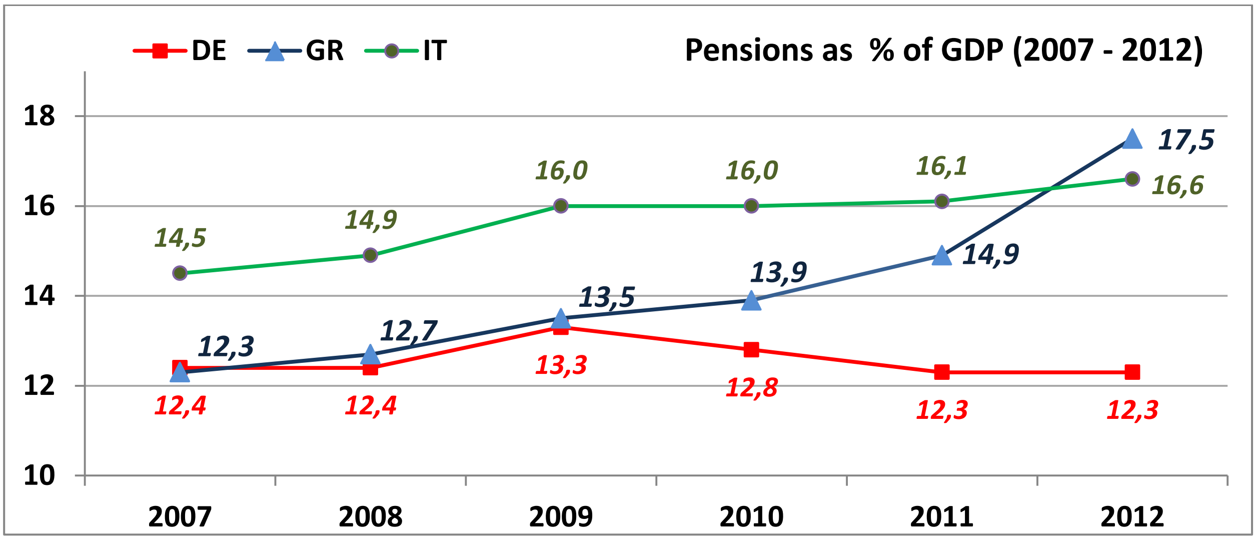
GREECE: GENERAL GOVERNMENT Expenditure by Function	in million euro (*% of GDP*)			(%) change		
	2007	2010	2013	2007-2010	2010-2013	2007-2013
Total in EUR m *(as % of GDP)*	**109,202** *(46.9)*	**117,774** *(52.1)*	**108,009** *(59.2)*	**7.8**	**-8.3**	**-1.1**
General public services	26,349 *(11.3)*	27,590 *(12.2)*	17,645 *(9.7)*	4.7	-36.0	-33.0
Economic affairs	10,527	9,805	27,535	-6.9	180.8	161.6
Social protection	36,757 *(15.8)*	42,908 *(19.0)*	34,997 *(19.2)*	16.7	-18.4	-4.8
Health	13,989 *(6.0)*	15,393 *(6.8)*	9,249 *(5.1)*	10.0	-39.9	-33.9
Education	7,934	9,007	8,189	13.5	-9.1	3.2
Other	13,646	13,071	10,394	-4.2	-20.5	-23.8

Source: Eurostat's General government expenditure by function (COFOG).

9 The analysis utilises Eurostat Functions of Government (COFOG) data. Other analyses of social protection use ESSPROS data, which has wider coverage. Table A1 shows that the two sources differ mainly in the treatment of health. ESSPROS data, however, stop at 2012. The decision to use COFOG keeps comparability with Darvas et al 2013 and reproduces some of their tables.

10 Figure A2 corroborates this course using COFOG data.

Figure 4: Pensions as percent of GDP, Greece Germany Italy 2007-2012

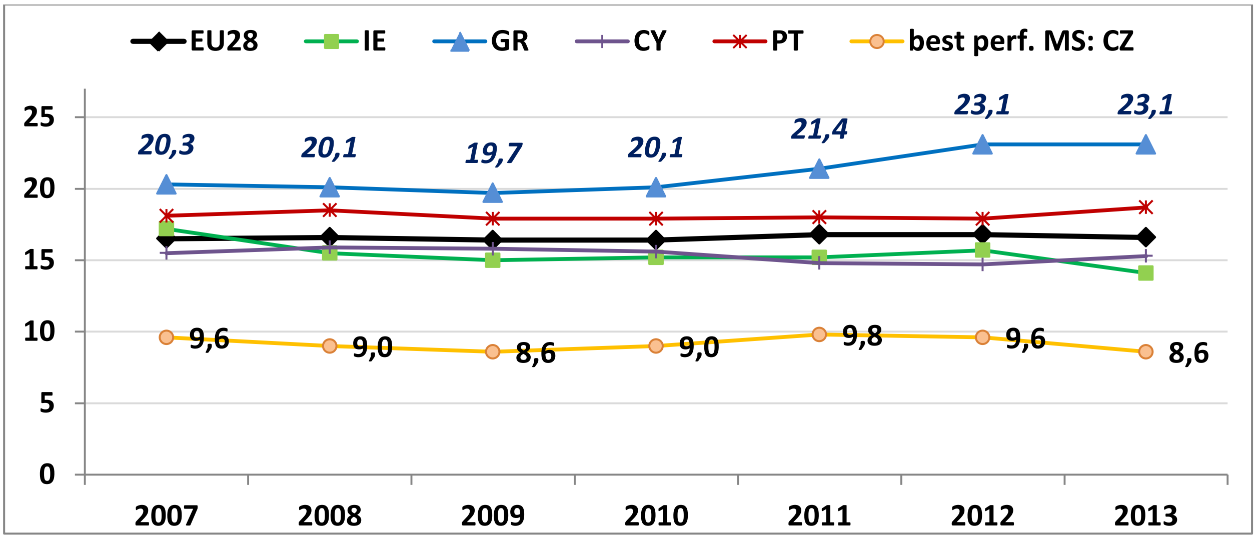


Source: Eurostat/ESPROSS: European System of Integrated Social Protection Statistics.

2.2.2. Poverty and material deprivation (data in Annex B)

Greece had always been a high poverty country, with one in five people persistently below the relative poverty line (OECD 2013a). In contrast to other bailout countries (Figure 5), relative poverty increased further, especially after 2011[11].

Figure 5: At-risk-of-poverty rate in Greece vis-à-vis the EU28 average and other Programme Countries, 2007-2013



Source: Eurostat, based on EU-SILC data.

Poverty and social exclusion are multidimensional concepts. They cover aspects of monetary poverty, of social exclusion and of income inequality. Table 2 tracks a wide variety of indicators in Greece from 2007 to 2014 (the concepts are defined in Box B1). As regards **monetary poverty**, the key development was a **sharp decrease in incomes, and hence in hardship.** The income of the middle individual, i.e. the median income, on which the poverty line is based, fell by 35.8 % between 2010 and 2014 and by 25 % over

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[11] Risk of poverty data use incomes corresponding to the previous 12 months of the survey. So poverty data for the year 2012 correspond to 2011 incomes.

the entire period between 2007 and 2014; in absolute numbers the at risk of poverty line (60 % of median income) fell from EUR 6.1 thousand in 2007 to EUR 4.6 thousand in 2014.

Table 2: Summary Picture of Income Poverty, Social Exclusion and Income Inequality Indicators in Greece, 2007-2014

GREECE: INCOME POVERTY AND SOCIAL EXCLUSION INDICATORS	2007	2010	2011	2012	2013	2014
Monetary Poverty						
People at risk of poverty or social exclusion (AROPE)	28.3	27.7	31.0	34.6	35.7	36.0
At-risk-of-poverty rate (cut-off: 60 % of median income)	20.3	20.1	21.4	23.1	23.1	22.1
*At-risk-of-poverty rate anchored in 2008**	20.1	18.0	24.9	35.8	44.3	48.0
Relative poverty gap	26.0	23.4	26.1	29.9	32.7	31.3
*Persistent at-risk-of-poverty rate**	13.1	17.6	10.5	13.8	12.4	--
At risk of poverty threshold (in euro)	6,120	7,178	6,591	5,708	5,023	4,608
Social exclusion						
Severe material deprivation rate	11.5	11.6	15.2	19.5	20.3	21.5
Making ends meet with great difficulty	18.8	24.2	25.6	35.0	39.6	39.5
People aged 18-59 in jobless households	7.9	10.3	13.7	17.6	19.6	18.8
People living in households with very low work intensity	8.1	7.6	12.0	14.2	18.2	17.2
Income inequality						
Gini coefficient	34.3	32.9	33.5	34.3	34.4	34.5
S80/S20 income share ratio	6.0	5.6	6.0	6.6	6.6	6.5
Having income of 150 % of mean income or more	15.4	13.6	15.4	15.9	15.2	15.9

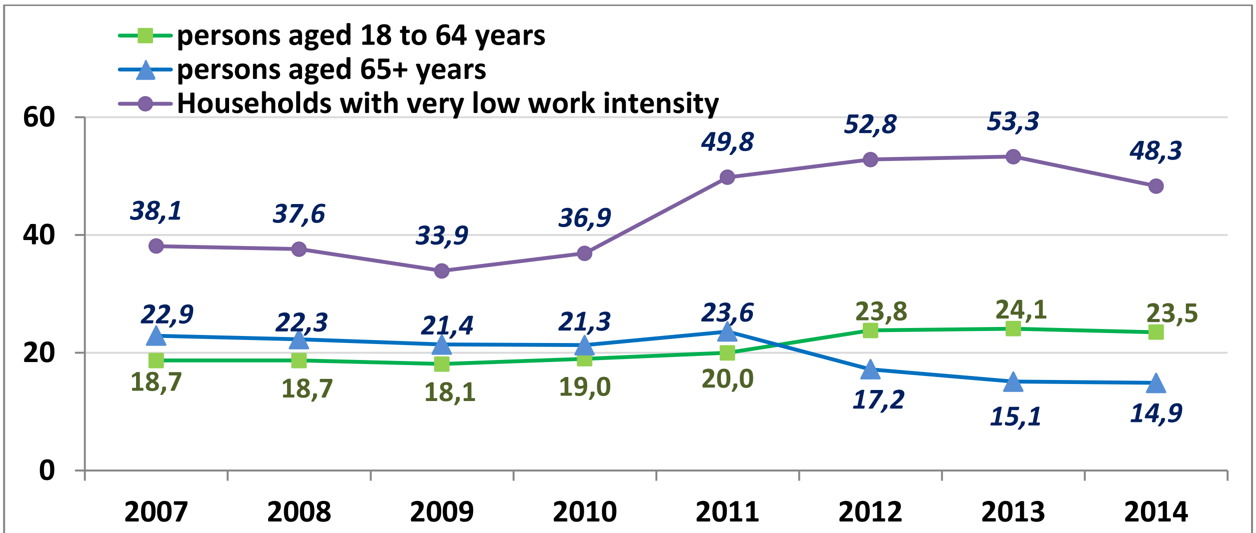
Source: Eurostat. *Definitions of concepts are to be found in Box B1.

As low incomes fell in line with the general level (Figure B1), ***relative* poverty and inequality measures increased only modestly**. The at-risk-of-poverty rate, increased from 20.1 % in 2010 to a maximum of 23.1 % in 2013; in 2014 it fell back to 22.1 %. Table B5 shows that the greater deterioration is a feature of comparison with other bailout countries. Income inequality measures worsen by less, indicating a tendency towards a more equal distribution: **the crisis is affecting everyone, but it is affecting the middle and high incomes more than the lowest** (Figure B3).

In contrast, most **non-monetary social exclusion indicators deteriorated sharply**. The at-risk-of-poverty rate anchored in 2008 increased by 30p.p.. The impact of the crisis is further confirmed by the rise of the at-risk-of-poverty rate and social exclusion (AROPE), from 28.3 % in 2007 to 36 % in 2014. All four social exclusion indicators increased by about 10p.p. over the period 2007-2010 (Figure B2). This means that **wide sections of the population who were previously far from poverty, began to feel threatened.** Comparing social exclusion to other bailout countries, in Table B6 and Table B7, Greece again stands out as being affected earlier and by a greater margin.

The **incidence of poverty** changed, altering some features that had always characterised the pre-crisis period. *First*, **the age profile of the at-risk-of-poverty rate has been reversed**[12]. Whereas before the crisis the old were far more likely to be poor ('poverty was grey in colour'), this was no longer the case. The **old-age at-risk-of-poverty rate fell in absolute terms** by over 6p.p. over the same period (from 21.3 % in 2010 to 14.9 % in 2014), confirming the supposition that pensioners were hurt less than other low income people. The **poverty increase was concentrated among individuals of working age** (Figure 6). So, attachment to the labour market is now a greater poverty risk factor, faced chiefly by the unemployed, but also by other groups with irregular or limited access to paid employment[13]. **Work intensity of the household becomes the most significant factor preventing poverty** (Figure B6). As regards gender, this is also linked to work intensity, while elderly women are consistently found to be more vulnerable than elderly men[14] (Figure B4).

Figure 6: At-risk-of-poverty rate in Greece, for specific groups, 2007-2014



Source: Eurostat. Definitions of concepts are to be found in Box B1.

The story is thus one of how a *general* fall of incomes is translated among different socio-economic groups. This is approached in Tables B1 and B2, comparing EU-SILC data for 2010 and 2014. The *average* fall of incomes for the total population was 36 %. The smallest fall is recorded for pensions (-26 %) and the largest for non-EU migrants (Table B1) and for those with little access to the labour market (Table B2). Concentration of falls

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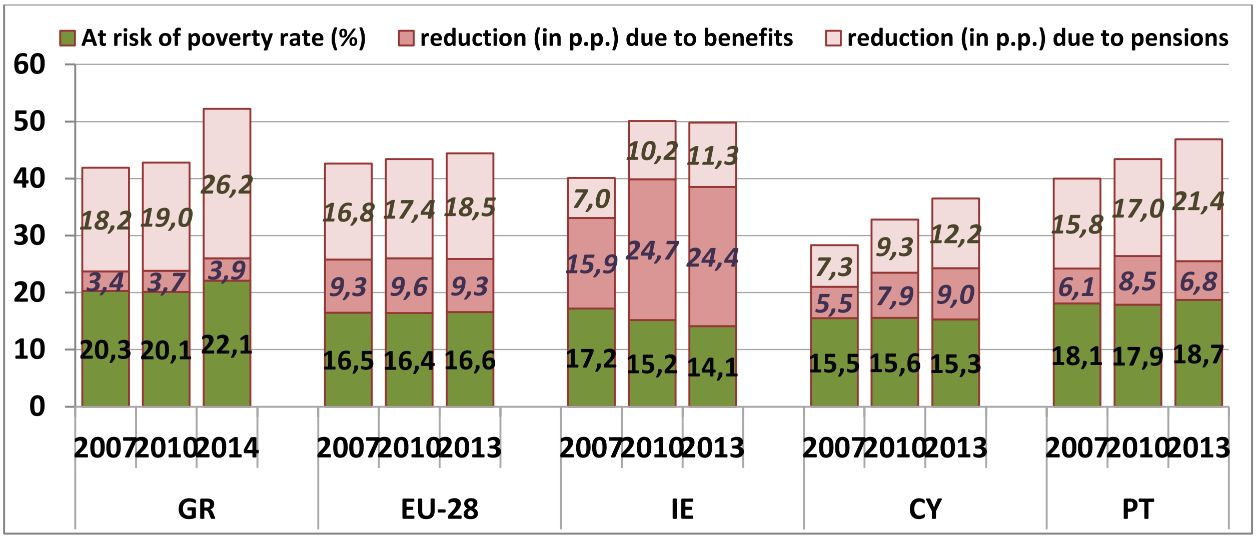
12 Figure B4 looks at poverty by age and gender; Figure B5 by activity status for ages 18-59.

13 In Figure B5 for the active population, unemployment becomes the chief risk factor. The percent of unemployed who live in poor households rise from 35 % to 46 %.

14 Tables B3 and B4 track the course of poverty and social exclusion indicators over time for different groups of the population and by gender.

around the overall average indicates that *within*-group variability is probably more important than that *between*-groups. **So people with the same income were affected very differently depending on their age, type of work or composition of income;** the rich/poor dichotomy is too simplistic.

Figure 7: Poverty reduction after social benefits, Greece vis-à-vis other EU MS, 2007-2014

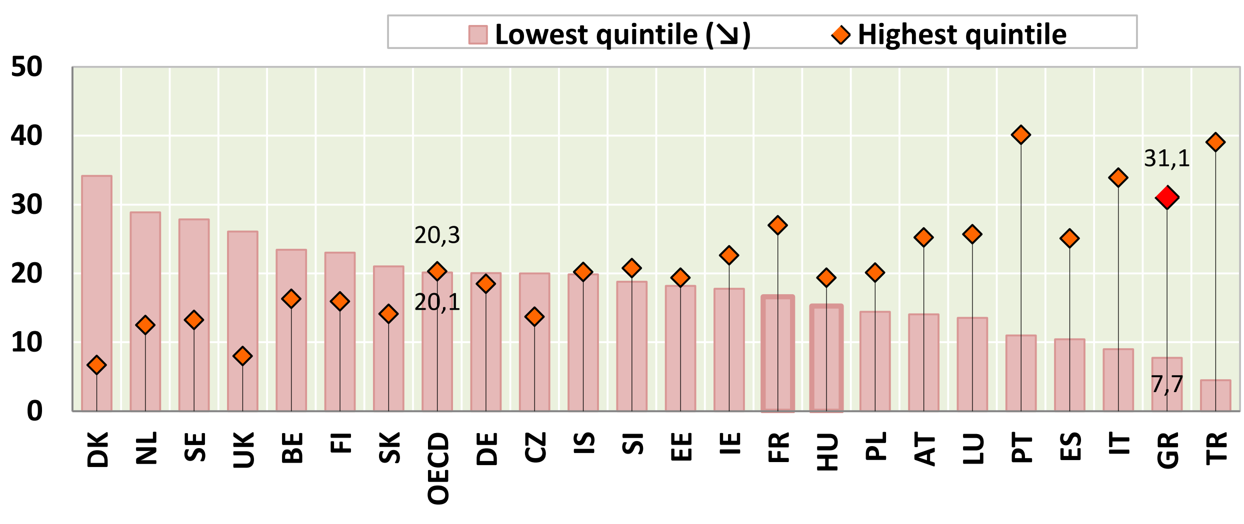


Source: Eurostat, based on EU-SILC.

The effectiveness of the Welfare State is commonly measured by the reduction caused to the at-risk-of-poverty rate by social transfers (Table B8). Pensions are identified separately from other transfers, given that in some systems they represent a return on savings. Figure 7 starts with the at-risk-of-poverty rate as currently measured (after all transfers) and successively subtracts social transfers and pensions. It shows the situation at three points in time for Greece, the bailout countries and for EU-28. We see that **Greece always had exceptionally low effectiveness of social transfers –which did not improve at all between 2007 and 2014.** This contrasts with all other countries, where effectiveness increased, most notably in Ireland. Pensions, in contrast, appear to have improved a little at preventing poverty during the crisis, a fact already noted when looking at poverty risk.

The lack of effectiveness is caused by orienting expenditure by type of need rather than privileging poorer people. This is not incidental, but a structural feature of the system, as confirmed by an OECD (2014b) analysis. This shows that **Greece directs the lowest percentage of social benefits in the EU to the poorest twenty per cent** (only 7.7 %), while the part leaking to the richest is also large, 31 per cent (Figure 8). Whereas Portugal and Italy also spend a lot on the richest, only Turkey among OECD countries spends less than Greece to benefit the poorest.

Figure 8: Percentage of public social benefits in cash paid to the lowest and highest quintiles, total population, 2011



Source: Adapted from OECD (2014), "Social Expenditure Update - Social spending is falling in some countries, but in many others it remains at historically high levels", figure 5, page 5.

2.2.3. Employment and unemployment (data in Annex C)

Greece stands out among all bailout countries (see Table 3) for dramatic developments in the field of work. **Unemployment trebled**, from 8.5 in 2007 to 26.7 % in 2014. Unemployment among the young was particularly marked, affecting more than half of those seeking work between the ages 15 and 24. Even when allowing for students, i.e. when looking at the youth unemployment ratio (i.e. as a part of the total youth population), Greece is an outlier, only exceeded by Spain and closely followed by Cyprus.

Developments in unemployment were matched by an extraordinary **fall in the number of employed (by almost 1 million)** from 4,4 million in 2007 to 3,4 million in 2014. Tables C1 (in absolute numbers) and C2 (in percentages) show that this took place despite an already high pre-crisis inactivity rate (33 %) – a kind of wasted productive potential. Out of 10 persons of working age in 2014, less than 5 are employed, 3 are inactive and the remaining 2 are unemployed (Figure C1).

The rise of unemployment was concentrated in 2010 and 2012 (Figure 9) that is *before* structural measures began to be applied. The *absolute* increase was comparable by gender. However, the lower initial level for men produces a larger *proportional* change – leading some to claim that unemployment now selects male breadwinners[15]. In contrast, **the vulnerability of the young was confirmed** – peaking at 58 % in 2013. Among other categories of outsiders, foreign-born men and women were disproportionately affected.

Both the **number of unemployed and the duration of unemployment have increased** (Figure C2). Long-term unemployed (unemployed for more than one year) reached 19.5 % in 2014 (from 5.7 % in 2007). In 2011, less than one out of three (31 %) of those who were unemployed for 6 up to 11 months were registered and received benefit, while in 2014 this proportion falls further to 22 % (Figure C3).

[15] The lines for men and women in Figure 9 move in parallel. The underlying data can be found in Tables C3 and C4.

Table 3: Key employment indicators, Unemployment and Youth unemployment Greece vis-à-vis other EU MS, 2007-2014

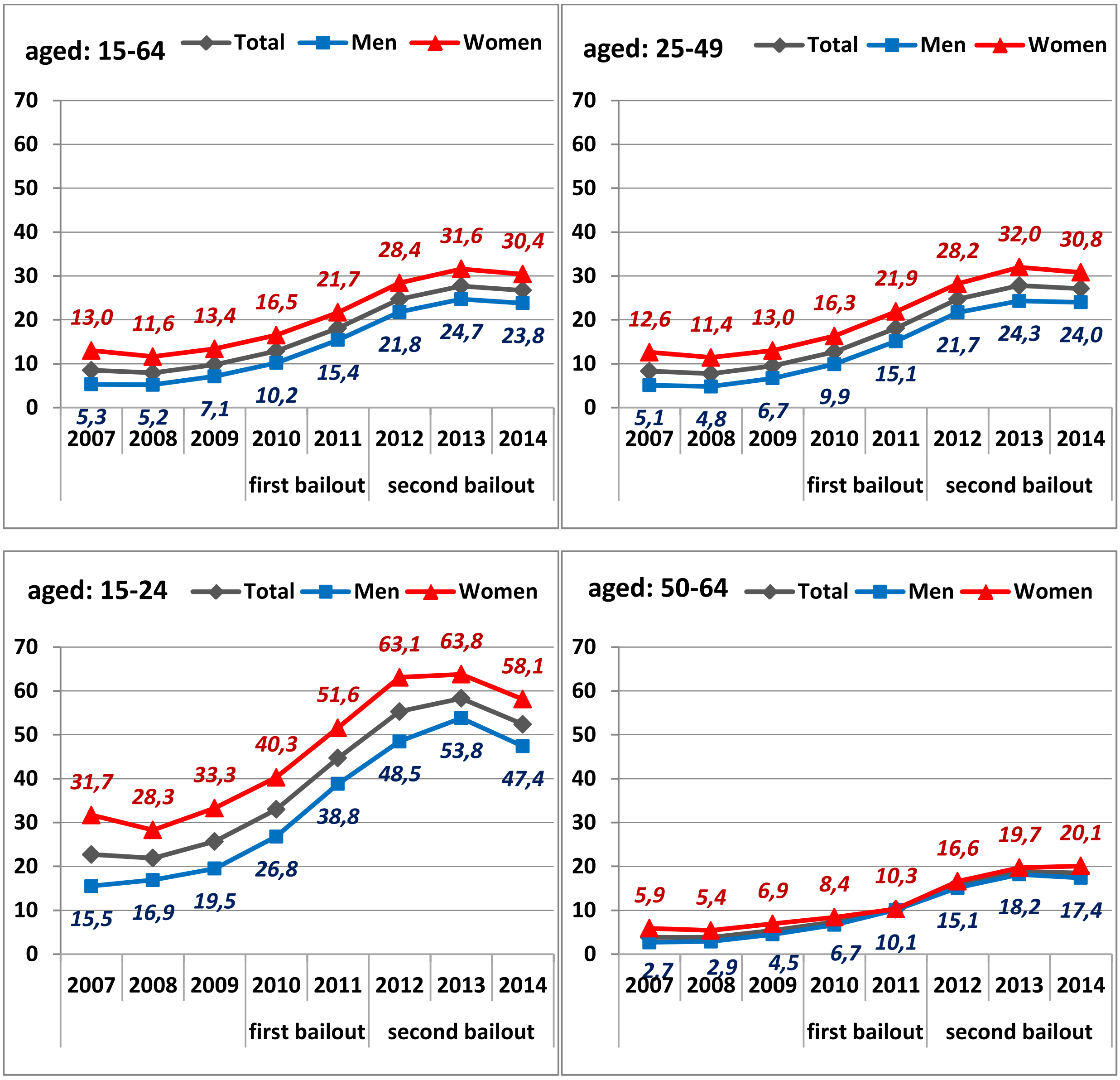
GR	2007	2010	2014	2007-2014	# 2014
Unemployment rate (%) (15-64)				*in p.p.*	*rank*
EU28	7.3	9.7	10.4	*3.1*	
IE	4.8	14.1	11.5	*6.7*	**20**
GR	**8.5**	**12.9**	**26.7**	***18.2***	**28**
CY	4.0	6.5	16.3	*12.3*	**25**
PT	8.5	11.4	14.5	*6.0*	**24**
top MS: DE	8.8	7.2	5.1	*-3.7*	**1**
Youth Unemployment *rate* (%) (15-24)[1]					
EU28	15.5	21.0	22.2	*6.7*	
IE	9.1	27.6	23.9	*14.8*	**18**
GR	**22.7**	**33.0**	**52.4**	***29.7***	**27**
CY	10.2	16.6	36.0	*25.8*	**24**
PT	16.7	22.8	34.8	*18.1*	**23**
top MS: DE	11.9	9.9	7.7	*-4.2*	**1**
Youth Unemployment *ratio* [2](%) (15-24)					
EU28	6.8	9.0	9.2	*2.4*	
IE	5.1	12.0	8.9	*3.8*	**17**
GR	**7.0**	**9.9**	**14.7**	***7.7***	**26**
CY	4.2	6.7	14.5	*10.3*	**25**
PT	6.9	8.2	11.9	*5.0*	**23**
top MS: DE	6.1	5.1	3.9	*-2.2*	**1**

[1]**Unemployment rate=** Unemployed as % of the labour force (employed plus unemployed, i.e. those seeking work)
[2]**Unemployment ratio=** Unemployed as % of total population in the relevant age group
Source: Eurostat LFS series.

Employment fell for both men and women, though men's has been more severely affected than women's (Table C5 and C6), thereby reducing gender gaps (Table C7). The crisis is associated with a **sharp decrease in full-time employment**, and with a moderate increase in part-time employment, from a low level both historically and comparatively; its share in total employment rose for men (from 2.5 % in 2007 to 6.5 % in 2014), and for women (from 10 % in 2007 to 13 % in 2014 Table C8, Figure C4). That increase is associated with a rise in (self-perceived) involuntary part-time (Figure C6).

The crisis was associated with a **worsening for outsiders**: temporary employment fell by a half between 2007 and 2014 for young people indicating worsening access to employment (Table C9). Table C10 shows employment in the private sector fell by 20 %, through redundancies, while in the public it fell by 17 %, through early retirement.

Figure 9: Trends in the unemployment rate by gender and age in Greece

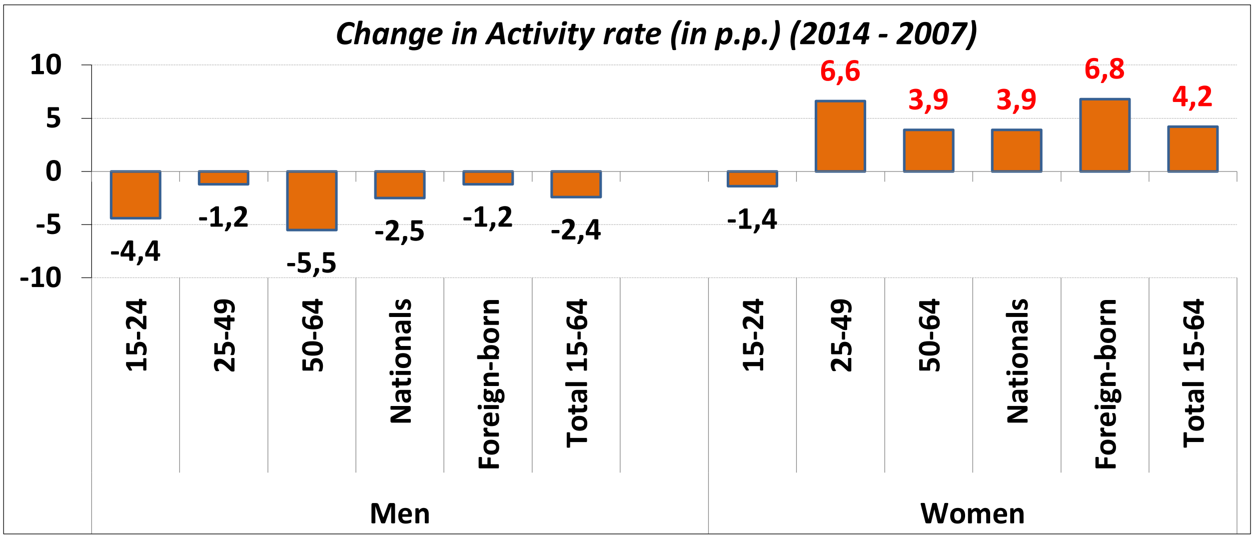


Source: Eurostat LFS series.

As regards **participation,** two facts stand out: *First,* **women are 'added workers': Labour market participation rose** by 4.2p.p. among women aged 15-64 years between 2007 and 2014, implying that women are entering the labour market to seek work (Figure 10, Table C11 and C12). The opposite applies for men, who leave employment, apparently discouraged. *Second*, there is a **countercyclical mechanism**: as the downturn deepened, women's participation rose, partly to compensate for a fall in the household's income. These effects are strongest for women aged 25-49 (increase by 7 p.p.). The reason for this is not clear. One possibility is that, faced with a fall in family income, women who were previously home workers try to compensate by trying to find paid work. This effect is common in Greece and in Italy; significantly, it is not the case in Northern Europe, where women, like men, tend to stop looking for work when faced with persistent unemployment. The reason for this difference may well lie in the absence of a social safety net**. Job search by women thus operates as an 'informal social protection mechanism**'[16].

Being unemployed means being unable to find work, despite trying. Hence the unemployment *rate* is calculated as a percentage of the active population. It excludes groups such as students who are not seeking full time work. For the younger population this seriously biases the unemployment rate upwards in giving the impression that "1 in 2 young people in Greece are unemployed". In order to better capture the unemployed young as compared to the total population aged 15-24, the youth unemployment *ratio* is a better measurement (Table 3). A third indicator which also includes the movement of younger people between full time education, training and work, **the NEET (Not in Employment, Education or Training)** rate, is also calculated as a percentage of the total population of the young age group (15-24). It thus captures the share of young people with no active links with the world of production. Figures C8 and C9 show that, while the unemployment rate for that group is well above 50 % of the labour force, the unemployment ratio is 14.7 % and the NEET rate is around 20 % of the population. This has also risen over the crisis, though by less than unemployment. The difference is explained by young people staying in full time education, where the traditionally low numbers of early leavers in Greece fell even further (Figure C6 and C7). **Parents and their offspring apparently see the crisis as a reason to invest more in education.** Research shows that graduates have better chances of finding employment in Greece; during the crisis, more education also improves the chances of employment of those migrating to EU and other countries as part of the 'brain drain' (Tsakloglou and Cholezas 2005. Mitrakos et al 2010, Lambrianidis and Vogiatzis 2012). Interestingly, this applies more to women than to men; the gender gap in favour of young men in NEET rates disappeared during the crisis.

Figure 10: Change in activity rate, 2007-2014, by gender and age in Greece



Source: Eurostat LFS series.

Kanellopoulos 2015 provides an **analysis of wages,** concentrating on the impact of changes in minimum wages. The influence of minimum wages on overall wage behaviour is high, implying that many workers are paid close to the minimum[17] and that changes in the

[16] In labour economics unemployment could lead either to the 'discouraged worker effect' or the 'added worker effect' In Greece the former characterises men and the latter women. Migrant women, in Greece are the most prominent example of the added worker effect, exactly the opposite compared to migrant men.

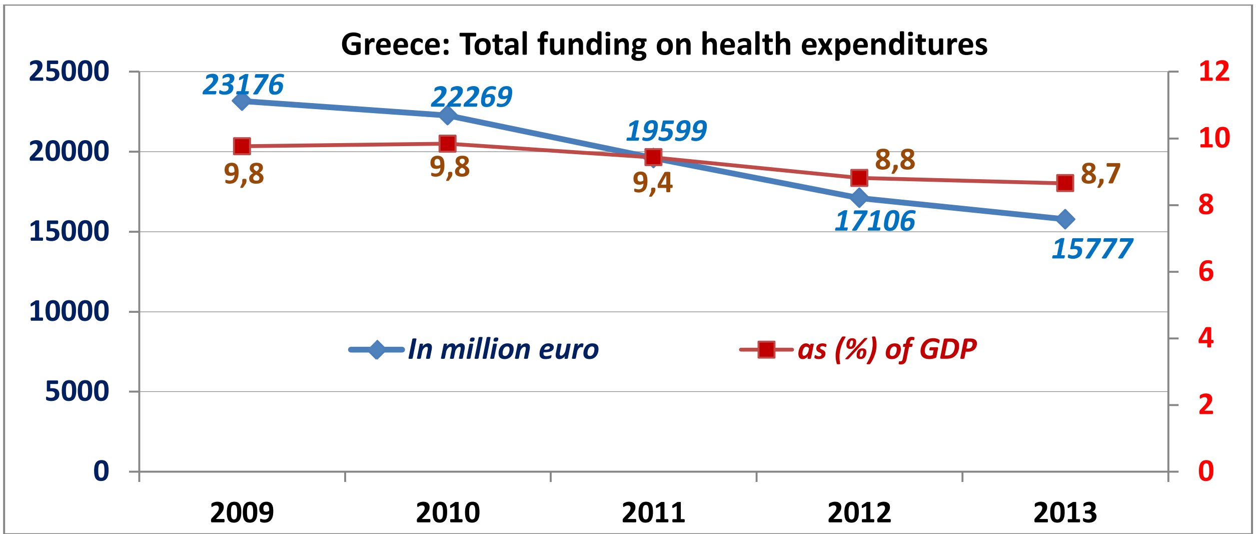
[17] Three in ten men and four in ten women are paid up to the minimum. Those paid less than minimum are paid part time – some of which may disguise full time work combined with tax evasion.

minimum are driving other wages. **As a result of the reforms, the minimum-to average wage ratio in Greece fell** from 60 % in 2011 -among the highest in the EU- to 48 %, which is below the OECD average of 50 %. The wage adjustment in the private sector essentially started in 2012[18], with a two year lag from the public sector. Kanellopoulos finds that some of the employment increase in small businesses in 2013, where the impact was greater, could be due to the falls in wages.

2.2.4. Health (Data in Annex D)

Figure 11 shows that the crisis was associated with a contraction in health expenditure by one-third (32 %) from 2009 to 2014[19]. **Total public expenditure on health decreased by 38 % in 2013 compared with 2009.** Expenditure financed by social security decreased by 46 % and total private expenditure (chiefly households) decreased by 22 % over the same period (Economou 2015). This fall kept pace with overall production, with the result that the health share in GDP only shows a slight decrease (Figure 11). The reduction of public funds was greater than that of households, implying that expenditure was shifted to the private sector. In consequence, the participation of the private sector in the (falling) total health expenditure rose. Administrative data compiled in the Health Accounts show an increase from 28 % in 2009 to 32 % in 2013 (Figure 12, also Table D1, Figure D1). Thus **health took a greater 'bite' out of family budgets,** even against the background of falling total outlays (Table D2 and Figure D2). Most of the decrease was due to pharmaceuticals, though some expenditure continued increasing, for example medical equipment and other goods, which rose by 19 %.

Figure 11: Total funding on health expenditure in millions of euro and as (%) of GDP in Greece, 2009-2013



Source: Hellenic Statistical Authority (EL.STAT), System of Health Accounts.

The burden borne by households can be approached from the demand side, using results of the Household Budget Surveys. These report out-of-pocket spending, funds not reimbursed by social insurance and paid for directly by the household. Table D3 indicates that household spending on health care fell on average by 26 %, from EUR 142 in 2008 to EUR 106 in 2014. However, some households, such as the single elderly who make heavier use

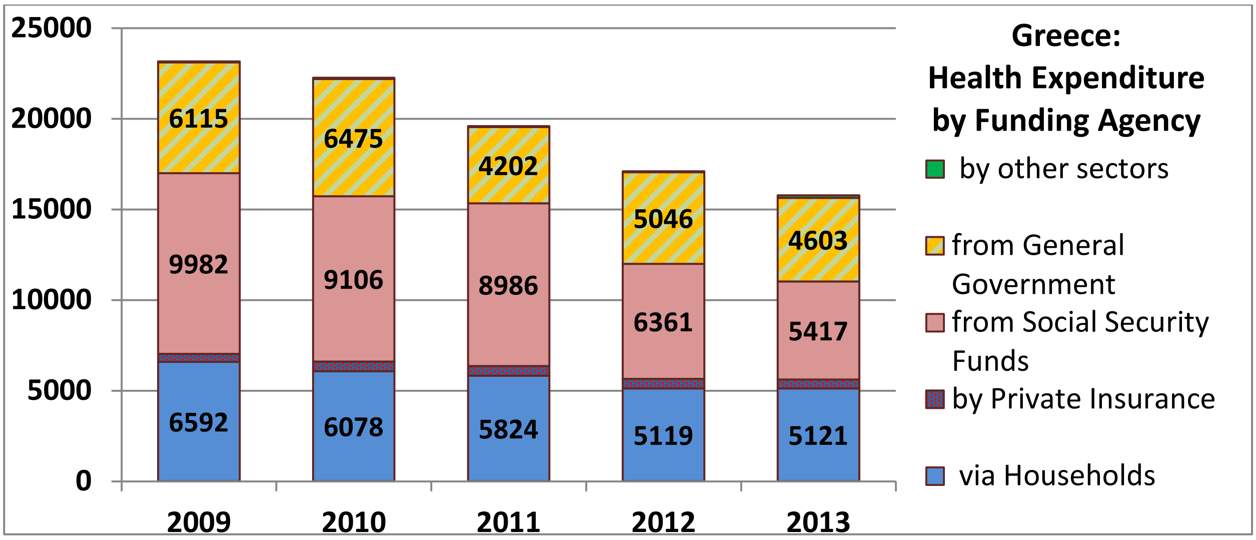
[18] Average earnings in the public sector were reduced by 7 % and in the private sector (the banking sector is not included) by 2.9 % in 2010. The cuts in 2011 were 0.5 % in the public sector and 1.7 % in the private sector, and only in 2012 and 2013 wages dropped further by 6.5 %, after the labour reform. Kanellopoulos 2015.

[19] Health accounts data on a consistent basis exist from 2009 on ELSTAT 2015. Previous data were subject to frequent revisions, but showed a very rapid increase – Economou 2015. It should be noted that system of health accounts data have different coverage than the COFOG data used in Annex A.

of health care, show an increase in cash outlays. Expenditure for hospital services increased, while outlays for doctors' services decreased substantially. The key question, that is if there exist unmet medical needs, cannot be answered by this data alone.

Despite some anecdotal evidence (Karanikolos 2013), there is little statistical evidence to link the development of health outcomes with the crisis, except possibly in mental health (OECD 2013, p 142). Tragaki (2014) states that **life expectancy continued its upward path,** aided by a dramatic fall in road accident deaths. There is some evidence of the traditionally low **suicide rates increasing for men, though not for women, since 2008**. Suicide data are prone to many statistical and reporting problems. For example the crisis may lead to a lower reporting deficit; the tendency to mention the crisis as a cause must also be treated cautiously.

Figure 12: Health expenditure by funding agency in millions of euro



Source: Hellenic Statistical Authority (EL.STAT), System of Health Accounts.

2.3. Analysis of developments

Having examined policy changes, the analysis proceeds to discuss selected issues as those stood in 2014, at the pre-determined end of the second bailout programme. A key underlying issue is to judge how far the structural change was completed, what had been achieved and what still lay ahead.

General observations

Some characterise the programme as a neoliberal policy avalanche, taking the system away from the European Social Model (e.g. Busch et al 2013). This is wide off the mark: **reforms in almost all cases pushed forward an agenda that was known for a long time** and had stalled. Being a conscious part of 'Europeanisation' that agenda was, in a sense, a move towards rather than away from European models. That such differences in interpretation are not cleared up is itself a feature of the crisis. Similarly, areas which can be enlightened by statistical information remain contested, owing to missing, incomplete or misleading sources of data.

Where average income has fallen by a quarter, even those less affected will have seen their standard of living shrink greatly. When comparing their current situation to their own pre-crisis situation, they will tell compelling tales of hardship, even if their neighbours were hit worse. **Comparisons with what held pre-crisis implicitly assume that returning to the status quo ante is a feasible alternative**. This general point is especially relevant for social transfers. These are usually expressed as shares of GDP to capture the burden on production and throw a light on sustainability. So, depending on the crisis diagnosis– i.e. on how feasible a return to 2009 production is thought to be – the same actions may be deemed sustainable or not. Seen another way, **if 2009 GDP is unattainable, programmes and expectations will inevitably have to be adjusted downwards**.

This comment serves to underline the **critical importance of a thorough public discussion**, where these issues can be defined, explained and argued over. Such a discussion is, alas, still being awaited[20].

Pensions

The pension changes since 2010 concentrated on long-term viability, whereby pension rights accumulated by young contributors today would be secure in the distant future. This was attained by **retaining the monolithic State-dominated character of the original system**; in contrast to other countries, there is little hint of a multi-pillar system. The system that will result from the changes in the decades after 2025 will be more consolidated and will apply general rules to a far greater extent than currently. While for a full career it will still yield replacement rates at the high end of the EU, benefits will be more proportional to contributions. This implies that, should the current practice of 23-year careers be maintained, future pensions may be much lower (Panageas and Tinios 2016).

The changes largely exempted privileged groups of the 'baby boom generation', close to retirement. Thus **early retirement accelerated**, causing the pension system to overshoot planned expenditure. The inability to borrow meant that finance had to be found within the system, most notably by successive cuts of pensions-in-payment, affecting even the very old. The fact that **cuts were targeted overwhelmingly towards better off pensioners**, meant that pensioners were relatively protected compared to the working generation, evidenced in absolute falls of old age poverty. In generational terms, **the changes protected the baby boom generation at the expense of both younger, and older groups.** The younger generation are affected by the new system, while older groups were hit by the pension cuts.

The reform did not deal with inequities on the revenue side, while the concentration on primary pensions left open issues, such as those of auxiliary pensions[21].

Employment

After a late start, there was a flurry of activity towards a more flexible labour market. The idea is to **replace a situation of insiders** enjoying high protection and outsiders with no protection, **with one where fewer rules are applied with greater consistency**. Greece has certainly made progress as measured by international scoreboards. The acid test, however, is whether the recovery will repeat the jobless growth of the pre-crisis period.

The **unemployed are the chief losers of the crisis**. The collapse of employment has exacerbated and magnified many structural weaknesses evident even before. Poverty risk is now far more sensitive to the labour market. This is where **the absence of a safety net is sorely felt;** only a small minority of the unemployed are eligible for benefits. The family is trying to cope on its own – evidenced most tellingly by women entering the labour market to make up for lost income .

Other benefits and the safety net

[20] It is also the political content of the concept of 'programme ownership' that is frequently mentioned in commentaries.

[21] Similar issues to auxiliary pensions are faced by separation payments. Those are lump sum payments paid on retirement chiefly to public sector workers and the larger private enterprises. Auxiliary pensions and separation relied more on the existence of reserves, which were severely affected by the write-off of public debt in 2012.

Despite the changes on the employment front, the situation on benefits other than pensions remained largely untouched. In this way leakages to richer population groups persisted. **The key question is whether the existing system based on subsidising categories of need will be replaced by a system using clear general rules and addressing the entire population**. Such a system means incorporating into a general system those special safety nets which only protect pensioners. This might mean discontinuing benefits to some in order to improve benefits to others. The reluctance to deal with those issues was probably the cause of delays in coming up with workable proposals for a guaranteed minimum income. The absence of social monitoring based on consistent indicators implies that policy has to be formed on casual impressions. For example, while there is no official policy on homelessness, the initiative is taken by voluntary groups and NGOs, for example Caritas 2014. The extent of the problem and its deterioration still remain uncertain.

Health

Expenditures in health care fell in every year since the start of the crisis. This followed a period when expenditure growth appeared out of control. Thus cost control and demand management changes could, in principle, have improved the allocation of resources, without hurting service. However, **evidence points at equal cuts across the board with equal percentage in economies of all categories**. This lack of discrimination could indicate that the change as implemented may have been a blunt instrument. In such a situation, one would reasonably expect that, as the more problematic areas are dealt with first, and as time proceeds, there would be greater cost in the form of compromised service for patients. Though there exists some anecdotal evidence, the kind of general collapse that some commentary paints is not confirmed.

A **key issue is access to health care**. Even though financing is social-insurance based, special provisions passed mean that losing a job does not have an irrevocable impact on insurance status. A greater problem of **loss of access is faced by the self-employed and small business owners** who are not able to keep up with their contributions. Even in that case, **acute care is provided free of charge by the hospital sector**; the chief cost would be insufficient use of primary care and prevention. If that reading is correct, one would expect a deterioration of health outcomes in the future.

3. CHANGES SINCE THE JANUARY 2015 ELECTIONS

KEY FINDINGS

The first half of 2015 was devoted to negotiations to end the programme, which was to expire in end-2014. That period was accompanied by deteriorating liquidity, culminating in bank closures and in capital controls. The anti-austerity government passed piecemeal social measures to counter the 'humanitarian crisis'. In July, the country agreed to the third consecutive adjustment programme, which is to run to 2018.

The third bailout agreement involves the completion of the reform agenda. In pensions, more thorough consolidation is combined with limits to early retirement. Concerning social safety nets, the intention is to construct a unified system to cover the entire population. In employment and social policy, exploiting international best practice will complement the continuation of the previous agenda.

The existing indicators for 2015 point to an interrupted, hesitant recovery. While the economy has shown some unexpected resilience, improvement is unlikely to be visible before 2016.

3.1. Changes introduced by the new government

The political context. Early elections were called in December 2014 at the time when the fifth review of the adjustment programme had been pending for over six months. The programme itself was due to expire at the end of 2014, while the last tranche of financing, calculated to finance needs of 2014, was still outstanding. The outgoing coalition government acknowledged the inability to complete the programme and negotiated a two month extension to the end of February 2015.

The **government resulting from the January elections was committed to an anti-austerity platform**, which included a radical reformulation of the policy regime. In late February a further extension of the programme to the end of June was agreed. Increasingly tense negotiations took place up to that deadline. Despite attempts from all sides, that deadline passed and the programme lapsed, leaving the country without financial support. It was, hence, exposed to uncertainty as to whether it could continue to function in the Eurozone. The most immediate **impact was on the banking system**, which was already suffering from capital flight since before the change of government: A **bank closure** was announced on 29 June (lasting until 20 July), as well as **extensive capital controls,** severely limiting the possibility of transactions and export of capital.

The period of extreme uncertainty came to an end with the agreement **on July 12 for Greece to enter a third bailout**. Those dramatic developments averted a return to a national currency; the difficulty of cushioning the social impact of such a hypothetical move played a key role in the decision to remain within an adjustment framework.

The **agreement committed the Government to legislate immediately two sets of prior actions before negotiating a three year (2015-2018) ESM financing programme,** accompanied by a new MoU. Greece thus became the only EU country to enter a third bailout programme. This development means that Greece will be subject to externally supervised adjustments continuously from May 2010 to the end of 2018. **The MoU was passed by the Greek Parliament with cross-party consensus,** but significant losses by the coalition, on 14 August and the first tranche was paid by the ESM on 20 August. Early elections to renew the popular mandate were called for 20 September. These elections resulted in a return of the previous coalition by a large margin. **The**

elections provided the Government with a clear mandate to work within the framework defined by the new MoU.

To track employment and social policy effects during 2015, two sub-periods thus need to be distinguished: (a) negotiations to June 2015, including the period of capital controls and (b) the period of the third bailout, including the new policy framework of the MoU.

3.1.1. The period of negotiation

The first six months of the anti-austerity government were dominated by negotiations. The non-completion of the second programme implied that all primary expenditure as well as debt servicing had to be financed domestically. This severely limited the possibility of major discretionary and legislative changes.

A. New Legislative initiatives

- The flagship initiative in March was a bill **'On the humanitarian crisis'** (L 4320/15). This was a set of piecemeal emergency measures to deal with the social fallout of the crisis. These were: means- tested help for those facing electricity arrears; a food stamps programme; a means tested rent allowance for a limited number of beneficiaries. The low budgetary cost of 0,1 % of GDP testifies to its limited ambition.
- A bill for the settlements of arrears, (L 4320/15), featuring up to 100 instalments and fewer exemptions than previous bills.
- Rehiring of public sector workers made redundant or included in the labour reserve. By August, 7500 had been rehired and would be subtracted from new hires budgeted for 2015.

B. Intentions stated but not implemented

The government had stated its intention to reverse key aspects of bailout era legislation; in consequence it did not implement measures that were already legislated and announced its intention to proceed to new measures at a later date. This was most evident in three fields:

- In **pensions**, the scheduled implementation of the 2010 and other laws were put on hold. This affected new pension awards from January and subsidies to avert falls in auxiliary pensions. When the Supreme Court decided that the 2012/13 pension cuts were unconstitutional, no action was taken to reverse the cuts or to find public finance equivalents.
- In **employment,** the return of the minimum wage to its previous level of EUR 750 was announced, as was the reversal of some of the collective bargaining changes.
- In **health,** the EUR 5 entry charge was discontinued, while scheduled actions on pharmaceutical pricing were postponed.

C. Measures imposed of necessity.

The negotiation period was marked by **worsening liquidity**. The State prioritised debt servicing and payments of pensions and salaries. **Arrears to suppliers of the public sector became common**. However, some non-pension public benefits, such as family benefits, were also delayed. This liquidity shortage exacerbated the already serious problems in lending to the private sector, which was already affected by uncertainty. The conditions faced by private business became progressively difficult. The lowest point was reached when **banks were closed and capital controls were imposed**. Individuals were entitled to withdraw EUR 60 per day per bank account from cash machines. Pensioners, many of whom did not have cash cards, were affected more than most. Businesses had difficulty paying staff, importers or obtaining necessary imported components. The **looming prospect of exit from the Eurozone added to the uncertainty.** The desire to deal with this issue and the fear of banking collapse lay behind the decision to apply for renewed assistance from the ESM, even after the 5 July referendum overwhelmingly backed a stand of defiance.

3.1.2. The post agreement period

Some prior actions had to be passed before negotiations for a programme could begin. These opened the way for a detailed Memorandum of Understanding to 2018; this contained more prior actions as well as a detailed plan for structural reform.

The **prior actions**, which were to precede negotiations, were already legislated by August and focused extensively on social policy. They can be summarised **under three headings**: ***first,* completion of reforms outlined in the second programme.** Thus, concerning pensions, all circulars needed for full implementation of previous laws had to be issued. All auxiliary funds were consolidated in a single entity with no entitlement to public subsidies. In product markets, the OECD toolkit for liberalization should be promoted, as well as liberalization of some professions. In collective bargaining some legislation had to be reversed, while scheduled departures from the second agreement had to be abandoned. In the field of health, the authorities had to reinstate elements of the reforms that had been repealed, chiefly on the supply side, such as claw-back to hospitals and prices of off-patent drugs. Some changes necessitated *greater* expenditure: One such was to increase the means-tested pensions paid to uninsured old people and to widen the field of their application.

The ***second* set of prior actions were fiscal consolidation measures to plug the fiscal gap**. In social protection the most important was the increase in pensioners' health care contributions, which was additional to VAT and other tax increases. Implementing the link of minimum pensions to 15 multiples of the minimum daily wage, which had, according to the 2010 law to take place in 2015, but had been ignored, would reduce minimum pensions of the new system by 19.3 % (to EUR 392/month) and would affect progressively larger numbers of poor pensioners.[22].

The ***third* set of prior actions were designed to discourage early retirement.** Minimum retirement ages were rapidly increased so that **all separate ages would converge by 2022, to 67 years of age for a full pension and 62 years of age for an actuarially reduced or full service pension**. For many people this involved steep increases in eligibility ages, affecting those who did not already have vested rights. This measure would block exit routes for early retirement mainly among the better off and in the public sector. To eliminate incentives to retire early for those further down the income scale, **access to minimum pensions was limited to new retirees aged over 67.** Given that 70 % of all private sector pensioners draw the minimum pension, this would eliminate a major incentive for the majority – i.e. for those whose entitlements based on contribution history are below the floor formed by the minimum. Removing this early retirement subsidy should encourage people to remain in the labour market for longer and, over time, should help combat old age poverty by producing higher pensions.

The **Memorandum of Understanding** is a 29-page reform agenda containing very detailed actions subject to quarterly reviews. **Compared to its predecessors, it is more front-loaded,** in the sense that it foresees a concentration of legislative activity in the first

[22] This fall in minimum pensions is a by-product of the fall in the minimum wage in 2011; the 2010 pension legislation prevented earlier falls by freezing minimum pensions for three years until 2015. The link to pensions had passed unremarked until August 2015.

few months (Parliament 2015, part of L4336/15). In the preamble it stresses the need for ownership of the reform by the authorities, as well as the need for consultation with the Institutions (IMF, European Commission, ECB, ESM). The strategy stresses 'the need for social justice and fairness, both across and within generations', placing pensions and social protection on centre stage.

In the strategy it stresses the following three **objectives for the social field**, which amount to a blueprint for a complete overhaul of the social protection system, and hence promise to complete the process started in 2010:

(a) "Pension reforms … to remove exemptions and end early retirement",

(b) "To get people back to work … (The authorities) will initiate measures to boost employment by 50,000 people targeting the long-term unemployed."

(c) "A fairer society will require that Greece improves the design of its welfare system, **so that there is a genuine social safety net**". This would include measures to provide access to health care for all and to roll out a basic social safety net.

These **structural measures take place within a tight fiscal framework**. Given the estimate that, absent measures, there would be a primary deficit of 1.5 % of GDP in 2015, the adopted target of a 0.25 % deficit entails considerable fiscal effort on an annual basis. The gradual improvement of public finances, from a 0.5 % surplus in 2016 to 3.5 % in 2018, builds on considerable frontloading. Part of this fiscal effort would be improved collection of social security contributions, as well as other administrative measures applied to pension providers.

Turning to specific reforms under the heading of 'sustainable social welfare': On **pensions**, consolidation is planned to lead to savings from 0.25 % of GDP in 2015, rising to 1 % in 2016, despite rapidly deteriorating demography. The MoU contains a detailed blueprint for **reforms to be legislated by October 2015** and implemented by December 2016. These changes complete the 2010 law by **taking action in areas that had been left aside**. These include organizational change - all social security funds to be integrated-, extensive contribution and revenue harmonization and phasing out of entitlement privileges, including heavy penalties for early retirement. The authorities must also identify measures to compensate for the Court ruling on the 2012/3 pension cuts. Importantly**, the authorities can propose alternative parametric measures of equivalent effect**, 'provided they are submitted during the design phase and are quantifiable'[23].

In **social safety nets** the package of measures of the 'humanitarian crisis' is allowed to stand but must be **supplemented by a complete overhaul of the system.** A prior action is a comprehensive Social Welfare Review, **focused on consolidation and extending targeting** – which is hoped to lead to a savings of 0.5 % of GDP. Plans must also be submitted for a **gradual nationwide rollout of guaranteed minimum income to start by April 2016** and be complete by end-2016. This is ultimately to include pensioners as beneficiaries along with the other population. In the meantime, the existing separate safety net benefit for pensioners (EKAS) should proceed to savings affecting the 10 % beneficiaries who are better off. In the **employment** field, the government must adopt employment support schemes and other active labour market policies covering 150 thousand persons, drawn from the long term unemployed, the young and from GMI beneficiaries.

[23] Parametric changes affect the parameters of the system – e.g. retirement age, replacement rate, without affecting its institutional structure or operating logic.

In **health care** a number of interventions on the supply side must take place by October 2015. Such are the adoption of DRGs and tighter financial management and supervision of hospitals. The contentious issue of the repeal of the 5 Euro fee for hospital visits is handled by requesting equivalent measures 'in finance and demand management'. On the use of health care, the authorities must proceed with the roll out of the primary health care reforms, affecting the first contact with the health system based around the general practitioner.

The **labour market** and human capital is examined in the context of structural policies to enhance competitiveness and growth. A balance is struck between proceeding along the bailout route and acknowledging stated criticism – *inter alia* by the ILO. Given the key requirement not to return to past policy settings, **a brief consultation process is set up, which can involve the ILO.** This will balance flexibility and fairness for employees and employers; it also needs to consider the very high level of unemployment and the need to pursue sustainable and inclusive growth and social justice. This process is to be 'led by international experts to review institutions taking into account best practice internationally and in Europe'. **It should bring collective dismissal, industrial action frameworks and collective bargaining in line with best practice in the EU.**

3.2. Employment and social indicators

The development of economic and *a fortiori* employment and social indicators in 2015 is still uncertain. One area of uncertainty is the counterfactual of what *would* have happened had there not been the initial period of negotiation, that is, the trends that would have followed the completion of the second bailout. Another is the direct impact of events during the period of negotiation, including increased uncertainty, liquidity problems, followed by the impact of bank closures and capital controls in the summer.

To answer these questions conclusively while the events are taking place is impossible. The indicators that have been used in the previous section will not be available for some time to come; to form an opinion on 2015 one has to use administrative data. However, it is not simply a case of data: developments could be dominated by leads and lags – whereby unusual events may disturb the order in which events happen. **Some decisions may be brought forward, others postponed and some cancelled.** A striking example is the unexpected improvement of tax collection at the time of capital controls. Businesses and individuals who were afraid that their savings might be vulnerable to a bank bail-in, used electronic fund transfers to rush to pay their taxes early[24].

Many social and employment indicators, in any case, react with a lag – so **the impact of 2015 developments would be seen in 2016**. Bank closures and capital controls took place at the start of the third quarter, so their direct influence will be visible in data from the autumn. The negative influence of capital controls would operate cumulatively, as stocks are exhausted and the impact of a good tourist season wears off. This negative influence would be added to the demand-reducing effect of the fiscal measures contained in the MoU that will be implemented from October on.

On the positive side, if the adoption of the new MoU in August and a fresh mandate dispel uncertainty, this **could unlock plans which had been postponed and even signal a turnaround.** The resolution of the question of recapitalising the banks, and possibly some debt relief, are a milestone which is eagerly awaited and could take place before the New Year. However, a resurgence of investment (aided by structural funds and financial loosening) would show a positive impact in mid-2016 at the earliest.

[24] The flight of capital from banks had the paradoxical impact of a rise in new car registrations; cars and durables were used as a kind of store of value safer than bank deposits.

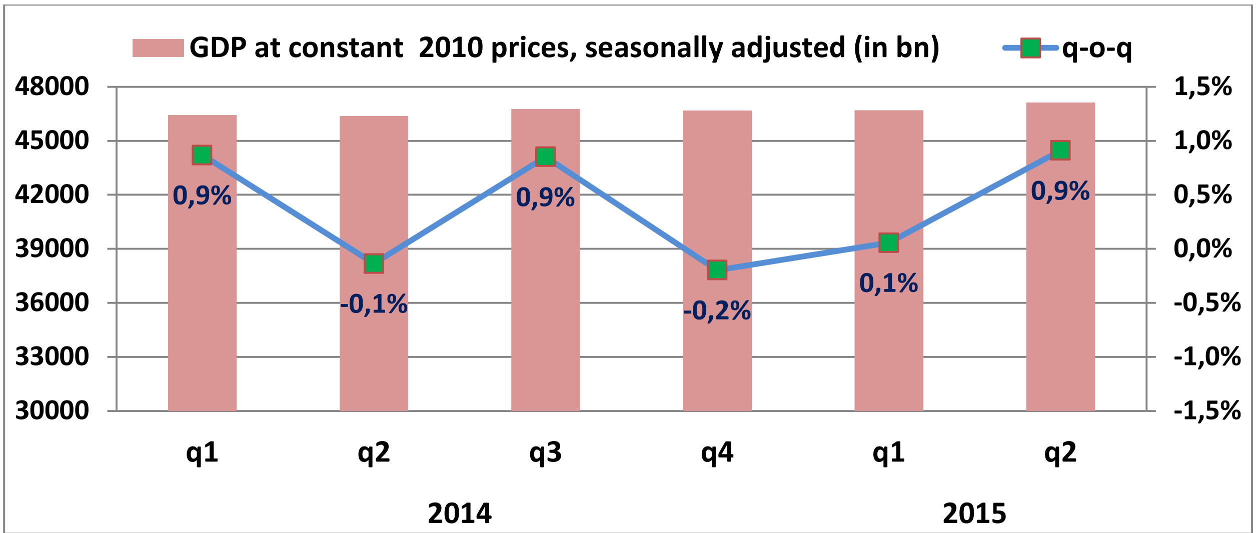
There exist two indicators from which some assessment of developments can be made: (a) quarterly GDP data released by ELSTAT and (b) data on employment composed of early returns of the Labour Force Survey (to May) and administrative data on unemployment registrations released by OAED (the PES), to July. In addition to these there are the expectations and projections of monitoring and forecasting agencies.

Figure 13 shows early estimates of GDP stretching to the end of June 2015. We see that **GDP growth had moved into positive territory by the end of 2014, while the rate of improvement fell in early 2015**. The continued rise in the second quarter surprised many, showing the economy more resilient than expected. Nevertheless, most commentators expect the economy for 2015 as a whole to contract, partly driven by a worsening in public finance plus the delayed impact of capital controls. **Business confidence was at an all-time low** (Eurobank 2015).

Early employment data from the Labour Force Survey (LFS) confirm the general improving trend; employment was slightly up and unemployment down by 2p.p. OAED registrations tell a similar story, with an added cautionary note: while July 2015 was better than July 2014, there was an unseasonal, given the height of the tourist season, increase in unemployment registrations by 1.8 %, probably directly caused by capital controls.

The available indicators agree on a single story – that of **improvement interrupted**. Most commentators concur; for example, IOBE 2015 stresses an improvement in competitiveness as auguring well for improvements in 2016. It is too early to say what impact the MoU would have on this picture; the derailment of public finances meant that new fiscal measures were needed to meet even the less ambitious fiscal target. Most fiscal measures -VAT reclassifications but also pension changes - were concentrated in late 2015. This would mean that their annual impact would stretch into 2016 and would allow an improvement in fiscal affairs without extra measures. If this is combined with actions rekindling demand, such as investment, or monetary developments such as access to quantitative easing, the elements of an optimistic scenario are put in place.

Figure 13: GDP quarterly data 2015



Source: Hellenic Statistical Authority, based on Labour Force Data, Seasonally Adjusted.
Notes: q-o-q stands for Percent change against previous quarter.

3.3. Analysis of developments in 2015

The end of 2014 should have signalled the end of the second bailout period; the period to June formally was a six month grace period to agree on the final review, pending since May 2014. In the event, the second programme expired without agreement and a third 3-year bailout took its place in August 2015. It is, thus, a natural question to ask **what legacy the reforms of the second programme leave to the third**.

The critique expressed by the government in January focused on austerity as a general macroeconomic force as well as on external features, such as debt sustainability. **The reforms that had been implemented were criticised vociferously as responsible for austerity**, and a general preference was expressed for their reversal. The desire to return to the *status quo ante* was not accompanied by a detailed critique, nor an explicit alternative. This applied even in those cases, such as pensions, where a pre-existing challenge such as demography was undeniable. In many cases the intention to proceed to unspecified, yet fundamental, reforms had been announced to follow the debt renegotiation.

However it may be, it is now acknowledged that **reforms had stalled as early as June 2014**. The review of the previous sections showed that reforms were often pursued in a half-hearted or piecemeal manner, lacking an overall vision of what the country should look like after they were completed. The early signs of a turnaround did not alter a general perception of lack of success. However, **the absence of a clearly spelled-out alternative reinforced views that the only way forward was to complete the process that had started in 2010**.

The period of negotiation

All available indicators show an **interruption of a recovery which was evident at the end of 2014**. Negative developments peaked in the summer with the closure of banks, capital controls and an imminent 'Grexit'. Most analysts and forecasters see 2015 moving back into recession. However, it is possible that positive developments have been postponed, and much of the lost ground can still be recovered. Granted that some of the worst impacts of capital controls could appear with a lag, **once uncertainty is put on one side, the economy might bounce back**. Many reforms which in other countries are still on the drawing board are in place; if combined with a front-loaded programme in the new MoU they could, conceivably, serve as a growth springboard.

The way ahead

A clear plurality of political forces represented in the Greek Parliament voted in favour of the MoU – in sharp contrast with previous practice. The key question thus arises if the MoU can serve as a blueprint for future choices. The accusation levelled at the MoU by its many critics focused not on content, but on matters of procedure, such as the lack of discussion followed by the speedy approval by Parliament. However, as in the case of pensions, **the MoU specifies a default choice, but does not preclude the choice of a different scheme** – should that be produced within a tight time frame and be able to pursue some widely acceptable goals. If a clear alternative exists and can be supported, the MoU does not rule it out; **what it does rule out is to preserve the status quo by prevarication or postponement**. Despite what its critics state, the MoU does not exhibit any preference for market mechanisms or the operation of incentives. Moreover, **it assigns all responsibility for reforms to the State**. The State, thus, suitably reformed, retains key responsibilities in all areas.

In the social field the MoU signals four key choices: In **pensions** the original blueprint was reaffirmed. It was **buttressed by action preventing early retirement and limiting grandfathering.** The general principle of **fund consolidation** will be supported by a greater effort to enforce the application of general rules regulating contributions and entitlement and by discontinuing special cases. The resulting system would still be run by the State on PAYG principles, with some of its most obvious dysfunctions removed. In a sense, the changes pursued could allow more fundamental questions, such as the optimum mix of within and between generation redistribution, to be pursued at greater leisure.

On **safety nets** there appears to be a definite decision that **the end of the programme should find Greece with functioning guaranteed minimum income protection**. Any system should encompass all groups by incorporating the existing pensioner protection in the general system. The social review that is to take place should clarify how other systems would fit in. It should also focus on administration, both to limit leakage to non-beneficiaries and not to exclude deserving cases. Whether the foreseen savings will come to pass largely depends on how unemployment develops over the coming months.

In **health** there is perseverance on the programme of cost control and demand management based on the system of '**countervailing power'**: it is hoped that the power of a single insurance body handling demand and a single purchaser handling supply will **neutralise tendencies for cost inflation**. The pursuit of efficiency in hospitals will continue to rely on cost control devices such as charging by DRGs. The outstanding structural problem of out-of-pocket expenditures by households is not mentioned as a separate issue, as previously.

In **employment** there is a resolute position against a repeal of the bailout period reforms. However, the depth of opposition to the reforms is implicitly acknowledged by **delegating decisions to a process which is to ascertain and employ best practice**. The review, tellingly, will encompass the ease of access to jobs on the part of the unemployed, as a counterweight to changes that privilege insiders. It nods in the direction of research indicating that some regulation, including minimum wages, can be beneficial. In the case of employment protection, the precise degree or mode of protection is what matters. This means that hurried either/or prescriptions risk being well off the mark. The balance of the process is promoted by including the ILO, the main international critic of the bailout approach to date.

4. CHALLENGES IN THE ADJUSTMENT PROCESS SINCE THE BAILOUT

KEY FINDINGS

The bailout programme has been criticised as infringing fundamental rights. Much criticism refers to process, concerning the adoption of changes. This can be attributed to urgency to deal with problems head on, sidestepping processes of deliberation and consultation.

The ILO has levied criticism on the substance of employment rights. The MoU process allows for an ILO role in coming deliberations. In the case of economic adjustment, discussion raises questions of governance – deliberating on how adjustment is to be shared.

A second strand of criticism stresses the insufficient contribution of investment. Private and public investment collapsed, a collapse which the pre-existing structural funds were unable to prevent. This relative failure is connected to shortcomings in administrative capacity and highlights the need for its upgrading in programme design.

4.1. Respect of fundamental rights

The two bailout programmes have faced fierce criticism on two separate grounds, which centre on fundamental rights. The *first* criticism focuses on **employment,** on social and labour standards and collective bargaining interventions. The *second* criticism concerns the social impact on general human rights. This is encapsulated by describing the situation in Greece as a 'humanitarian crisis'. A further strand of criticism looks at the neglect of growth dimension and is addressed in the following section 4.2.

First, the **contravention of labour standards** was most commonly raised by the social partners and was echoed most vociferously by the ILO on two occasions (Karantinos 2014, Lanara-Tzotze 2014). The focus was on the voluntary status of collective bargaining, that is, on the importance of preserving its independence from direct Government interference. An area of specific concern, raised in 2011 by the ILO, was the **existence of wage arrears in the private sector**. These had reached endemic proportions, as companies facing liquidity squeezes and insistent demands from tax authorities and banks, treated their workforce as a kind of pliable credit source[25]. In addition, the ILO raised the more general issue of side-stepping collective bargaining or implementing measures with insufficient consultation.

Much of the criticism was related to the **process and suddenness of change**. It is undoubtedly true that some issues that had been argued over, and left open for years, were, in the event, pushed through quickly. For example, the reasons for the concentration of unemployment among women and young entrants and the phenomenon of jobless growth had been discussed for more than a decade[26]. The social partners had then adopted a 'wait and see' attitude, expecting the initiative to come from the Government. As in the case of pensions, when the Government initiative finally came, it was insufficient to meet

[25] In cases pay arrears could be seen as substituting for flexibility or work sharing measures such as short time working whose utilization was not feasible.

[26] The first flexilibilisation measures were introduced in 1990; a fruitless social dialogue on the issue had taken place in 1997.

the size of the challenge. Thus it was only to be expected that an emergency programme such as the bailout would proceed with speed.

As for the **content of the measures**, some of the criticism stresses what happened after the crisis, without considering the situation existing before. As we have seen, many problems were caused by unbalanced implementation– where some outsiders were left out. **The criticism similarly pays insufficient attention to pre-existing, but recognised, dysfunctions** in the operation of social dialogue and collective bargaining, notably in encouraging low effectiveness of the public administration and securing privileges for public sector employees. Given that public finance and the efficiency of the public sector were at the heart of the crisis, the structure of collective bargaining should not be used to shield inefficient or wasteful practices in the public sector.

The state of Labour Economics research does not justify any absolute position on the general desirability or otherwise of intervention. Some judicious use of such regulation in particular cases can be welfare-improving; equally, there are clear cases of restrictions posing major obstacles to competitiveness. The new MoU acknowledges this tension and proposes to examine the Greek situation on its merits. The process of consultation proposed has been used by other countries. Unfortunately, in Greece this process was either lacking, or had been conducted in an overtly ideological fashion.

The *second* major critique concerns **individual social and economic rights**. It focuses on the effect of austerity in downscaling entitlements or negating social rights (Venieris 2014). OHCHR 2013 raises the issue of human rights, focusing on the problems caused by the **absence of a functioning safety net in a crisis**. In domestic discussion that nuanced approach was reduced to a headline “bailout conditions are undermining human rights”. Similarly, it explains the characterization of the social situation as a ‘humanitarian crisis’, where basic rights are being infringed. The use of the adjective ‘humanitarian’ evokes other acute crises; it is sometimes used to elicit solidarity domestically or internationally, in some cases as a ‘trump card’ to rule out serious discussion.

When applied to economic adjustment in a blanket fashion, such arguments could protect entrenched rights and would shift all adjustment to newcomers. **If adjustment cannot be avoided, the question of how to share the common burden must be faced**. If so, a guarantee to some translates into a greater burden for others, whose own rights may then be placed at risk. This is most obvious in the case of pensions; **protecting incumbent rights would shift all the adjustment to the coming generation,** which is already overburdened by unemployment and low growth.

Seen in this way, it is a question of governance how to transcend a process where competing sides proffer legal arguments to exempt themselves and shift the burden to others. If, as in the case of Greece, productive potential is lower today than it was six years ago by a quarter, **what is needed is a reasoned discussion of how the total collective reduction must be shared**. If cuts are insufficiently justified, or are blamed on outside influence, they are unlikely to be accepted as just. For instance, in the absence of justification, it is not surprising that court decisions are ruling some salary and pension cuts unconstitutional.

Therefore the issue of individual rights can be met by ensuring that changes are preceded and accompanied by a publicly conducted societal dialogue on the causes of the crisis, the adjustment necessary and on how that burden is to be shared. **The key is thus political discussion which faces squarely the challenges the country is facing.**

4.2. Access to and management of European Structural and Investment funds

The third deficit faced by the crisis was to do with savings and growth. **Where will the funds and entrepreneurial dynamism be found to restart growth after the crisis?** This growth and investment gap is the most frequent victim of policy preoccupation with the other two gaps – viz. public finance and competitiveness. Indeed, the category of expenditure most commonly hit is investment. Delaying public investment leads to fewer complaints than other cuts do. Private investment is starved of funds and is most vulnerable to persistent uncertainty. Thus, **though everyone agrees that the way out of the crisis goes through a rejuvenation of investment, very little is done to promote it**. The persistence of low investment for the duration of the crisis operates cumulatively through depreciation, as the capital stock ages and is not replaced. This reduces the effective capital stock, and limits productive potential. Recovery is in this way made harder, as it is not just a question of rekindling aggregate demand, but also of rebuilding productive capacity (Christodoulakis 2015).

The **operation of structural funds** was largely designed to counter these negative tendencies. However, their operation **was insufficient to reverse the overall picture**. Despite relatively high absorption, the time structure of disbursement acted against rekindling aggregate demand (PBO 2015). A number of explanations could be offered for limited effectiveness. **Co-financing problems were exacerbated by the liquidity shortages**; difficulty to co-finance remained even after the necessary percentage of national cofounding was reduced. Public finance issues also meant that investment, as in hospitals, added to current costs, primarily staff and running costs, which are needed to operate the new facilities. Finally, the problems faced by the banking system meant that private initiatives found access to loanable funds blocked.

Underlying these issues are often **problems of administrative capacity**. The public sector is unable to plan, supervise and operate the new infrastructure. The original low administrative capacity was exacerbated as early retirement took its toll, while insufficient incentives reinforced the problems of low morale.

The need to reinforce administrative capacity as a key bottleneck was recognised already by the second programme. The Task Force for Greece was set up expressly to coordinate bilateral technical assistance (TFFG 2014); the IMF stepped up its programme of technical assistance, while the World Bank advised on the guaranteed minimum income (WB 2015) and the OECD on competition and a review of social welfare; the German Government went as far as to institute a special Government portfolio to provide technical assistance, primarily to local government, headed by H-J.Fuchtel. Thus, **though the offer of technical assistance was open, the problem appeared one of making use of the available help**. In economic terms, the problem lay more in the *demand*- rather than the supply-side of technical assistance: a reluctance to use, or to schedule effectively, the offers available. In some cases, accepting assistance was used as a marker of cooperation, but the fruit of that assistance was left on the shelf. In other words, **the dysfunctions in assistance were simply another facet of the ambivalence evidenced by the lack of programme ownership**.

The **new MoU** implicitly recognises this technical bottleneck. It **lays stress on programme ownership and cooperation by assigning to the Greek side the responsibility for proposing solutions**. In the preamble the MoU mentions the commitment to make full use of the TFFG's successor, the new Structural Reform Support Service; by October 2015 the authorities need to finalise a medium-term technical assistance plan with the Commission.

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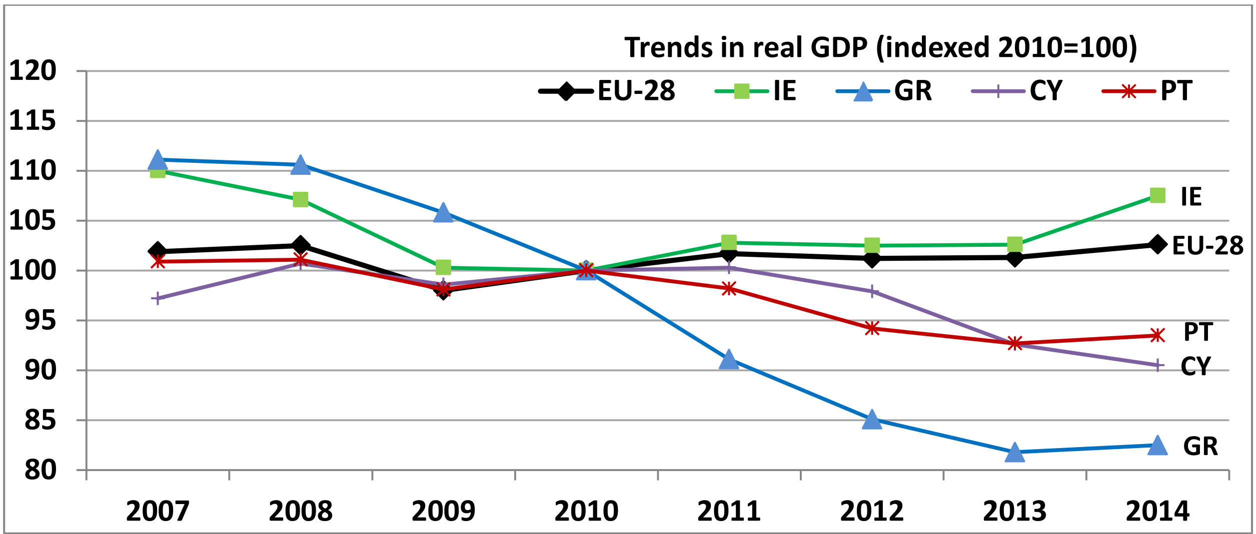
ANNEX

ANNEX A: MACROECONOMIC INDICATORS AND GENERAL GOVERNMENT EXPENDITURE

Figure A1: Trends in real GDP (indexed 2010=100), 2007-2014, Greece vis-à-vis EU-28 and other programme countries



Source: Hellenic Statistical Authority (EL.STAT.) Annual national accounts.

Table A1: Comparison of GOFOG AND ESPROSS data for Social Expenditure in Greece

ESPROSS 2012	(%) OF GDP	GOFOG 2012	(%) OF GDP
Social protection	*30.0*	**Social protection**	*20.5*
Sickness/Health care	*6.4*	*Sickness and disability*	*1.8*
Disability	*1.3*		
Old age	*15.4*	*Old age*	*15.3*
Survivors	*2.4*	*Survivors*	*1.7*
Family/Children	*1.6*	*Family and children*	*0.6*
Unemployment	*1.9*	*Unemployment*	*0.9*
Housing	*0.2*	*Housing*	*0.0*
Social exclusion n.e.c.	*0.6*	*Social exclusion n.e.c.*	*0.0*

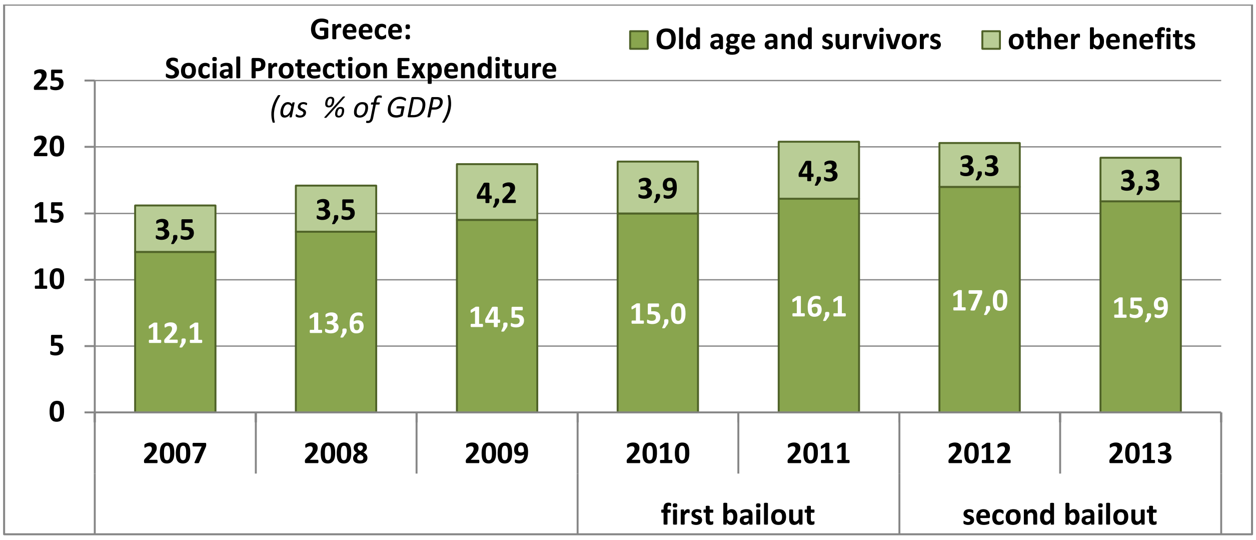
Source: Eurostat's General government expenditure by function (COFOG) & DATA. European System of Integrated Social Protection Statistics (ESPROSS).

Table A2: Components of social protection expenditures in million euro, General Government, Greece 2007-2013

GREECE: GENERAL GOVERNMENT Expenditure for Social Protection	(in million euro)			(%) change		
	2007	2010	2013	2007-2010	2010-2013	2007-2013
Social protection	**36,757**	**42,908**	**34,997**	***16.7***	***-18.4***	**-4.8**
Sickness and disability	3,581	3,919	2,680	*9.4*	*-31.6*	**-25.2**
Old age	25,003	30,516	26,274	*22.0*	*-13.9*	**5.1**
Survivors	3,363	3,365	2,751	*0.1*	*-18.2*	**-18.2**
Family and children	1,609	2,361	1,201	*46.7*	*-49.1*	**-25.4**
Unemployment	1,957	2,266	1,668	*15.8*	*-26.4*	**-14.8**
Housing	888	145	209	*-83.7*	*44.1*	**-76.5**
Social exclusion n.e.c.	68	81	36	*19.1*	*-55.6*	**-47.1**
Social protection n.e.c.	288	255	178	*-11.5*	*-30.2*	**-104.0**

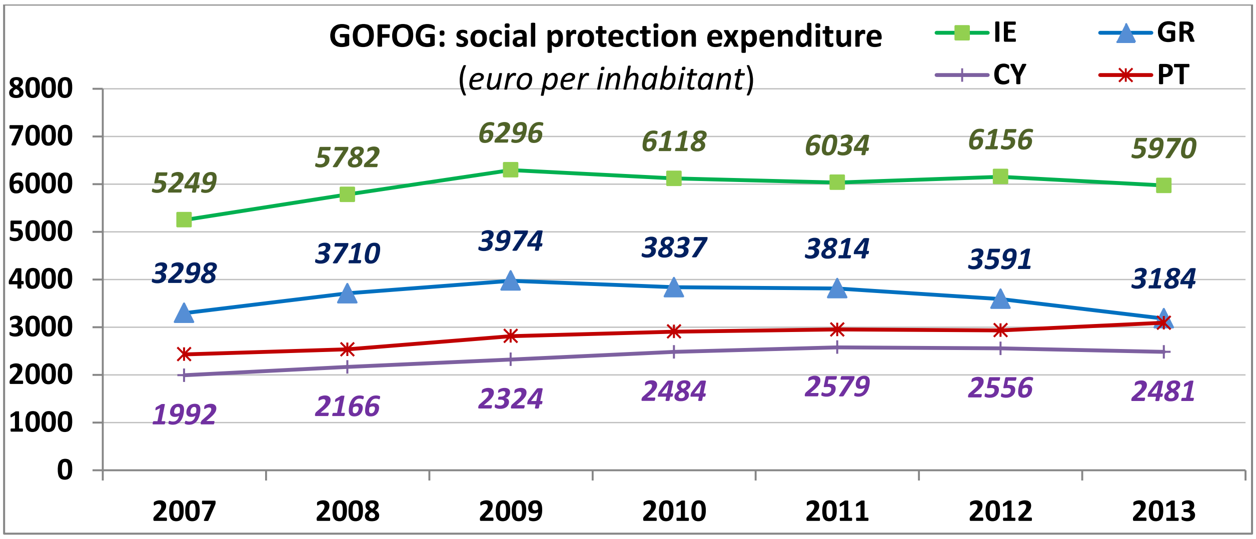
Source: Eurostat's General government expenditure by function (COFOG).

Figure A2: Components of social protection expenditures, as % of GDP, General Government, Greece 2007-2013



Source: Eurostat's General government expenditure by function (COFOG).

Figure A3: Social protection expenditure, euro per inhabitant, General Government, Greece vis-à-vis other Programme countries 2007-2013



Source: Eurostat's General government expenditure by function (COFOG).

ANNEX B: MONETARY POVERTY, SOCIAL EXCLUSION AND INCOME INEQUALITY INDICATORS

Box B1: Definitions of the indicators used in the analysis

People at risk of poverty or social exclusion (AROPE): This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators.

At-risk-of-poverty rate: The share of persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers).

At-risk-of-poverty rate anchored at a fixed moment in time (2008): The indicator is defined as the percentage of the population whose equivalised disposable income is below the 'at-risk-of-poverty threshold' calculated in the standard way for the base year, currently 2008, and then adjusted for inflation.

Relative median at-risk-of-poverty gap: Difference between the at-risk-of-poverty threshold (set at 60 % of the national median equivalised disposable income after social transfers) and the median equivalised disposable income of persons below the same at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold.

Persistent at-risk-of poverty rate: The indicator shows the percentage of the population whose equivalised disposable income was below the 'at-.risk-of-poverty threshold' for the current year and at least 2 out of the preceding 3 years.

Severe material deprivation: The collection "material deprivation" covers indicators relating to economic strain, durables, housing and environment of the dwelling. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: they cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.

People aged 18-59 in jobless households: This indicator is calculated as the share of persons aged 18 - 59 who are living in households where no one works. Students aged 18 - 24 who live in households composed solely of students of the same age class are not included. The indicator is based on the EU Labour Force Survey.

People living in households with very low work intensity: People living in households with very low work intensity are people aged 0-59 living in households where the adults work less than 20 % of their total work potential during the past year.

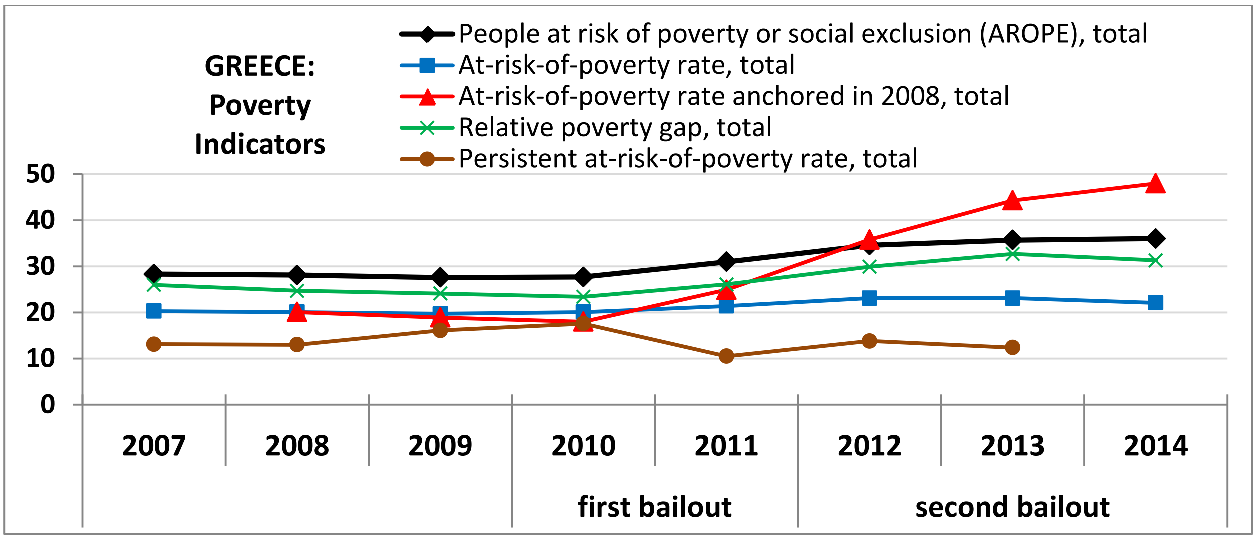
Gini coefficient: The Gini coefficient is a measure of inequality of the entire population, measuring how far a country is from a situation of complete equality. Technically it is defined as the relationship of cumulative shares of the population arranged according to the level of (disposable) income, to the cumulative share of the *total* disposable income received by them by the same group. A larger Gini coefficient denotes greater inequality.

Income quintile share ratio (S80/S20): The share of total income received by the 20 % of the population with the highest income (top quintile) to that received by the 20 % of the population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.

Having income of 150 % of mean income or more: Share of people having income greater or equal to 150 % of average income.

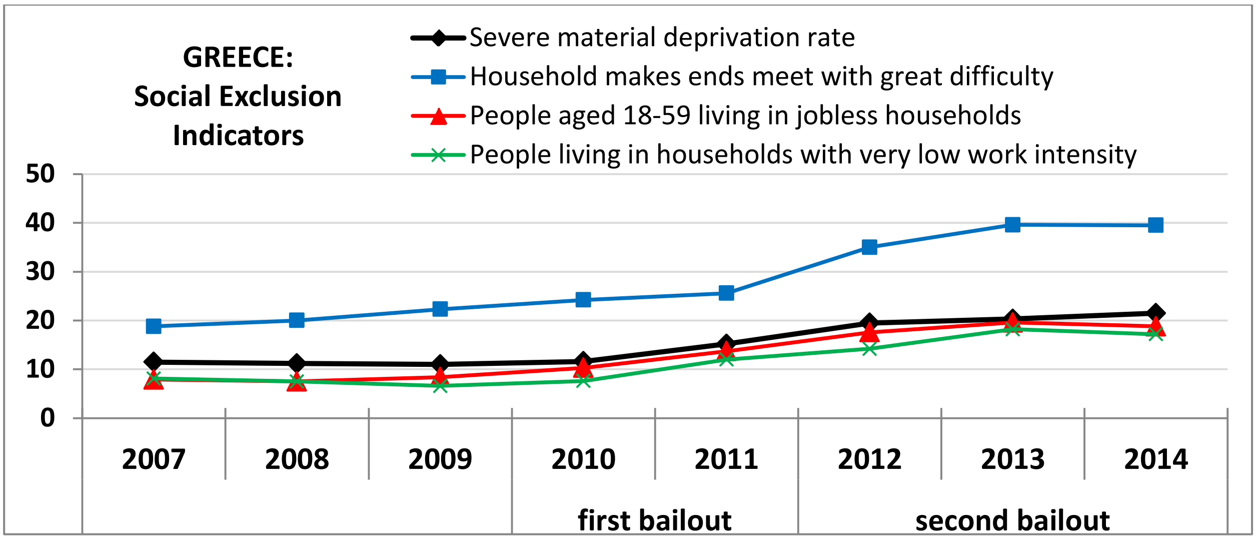
At-risk-of-poverty rate before social transfers: The share of persons with an equivalised disposable income, before social transfers, below the at-risk-of-poverty threshold. Retirement and survivor's pensions are counted as income before transfers and not as social transfers.

Figure B1: Poverty indicators, Greece, 2007-2014



Source: Eurostat.

Figure B2: Social Exclusion indicators, Greece, 2007-2014



Source: Eurostat.

Figure B3: Income Inequality indicators, Greece, 2007-2014

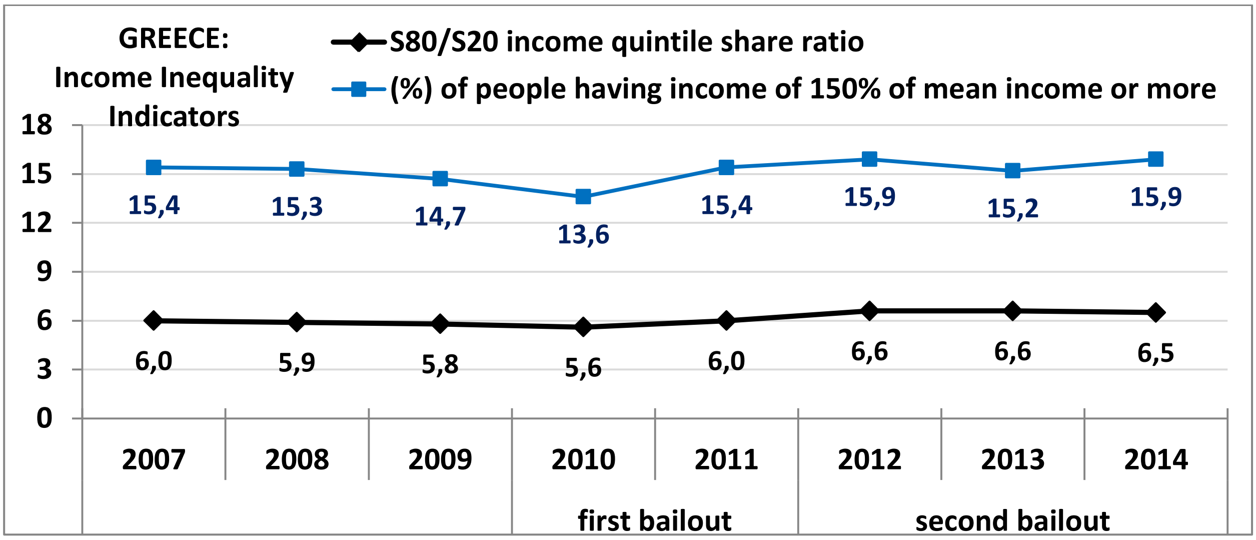


Figure B4: At risk of poverty rate by age and gender, Greece 2007-2014

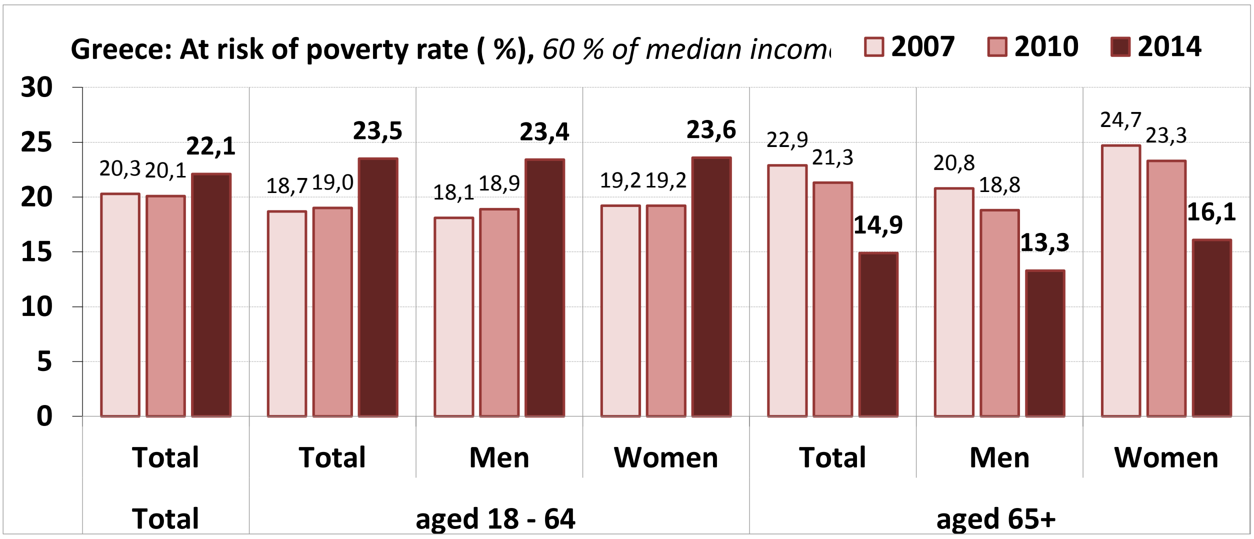


Figure B5: At risk of poverty rate, by activity status, Greece 2007-2014

Figure B6: At risk of poverty rate, persons aged 18-59, by household's working intensity, Greece 2007-2014

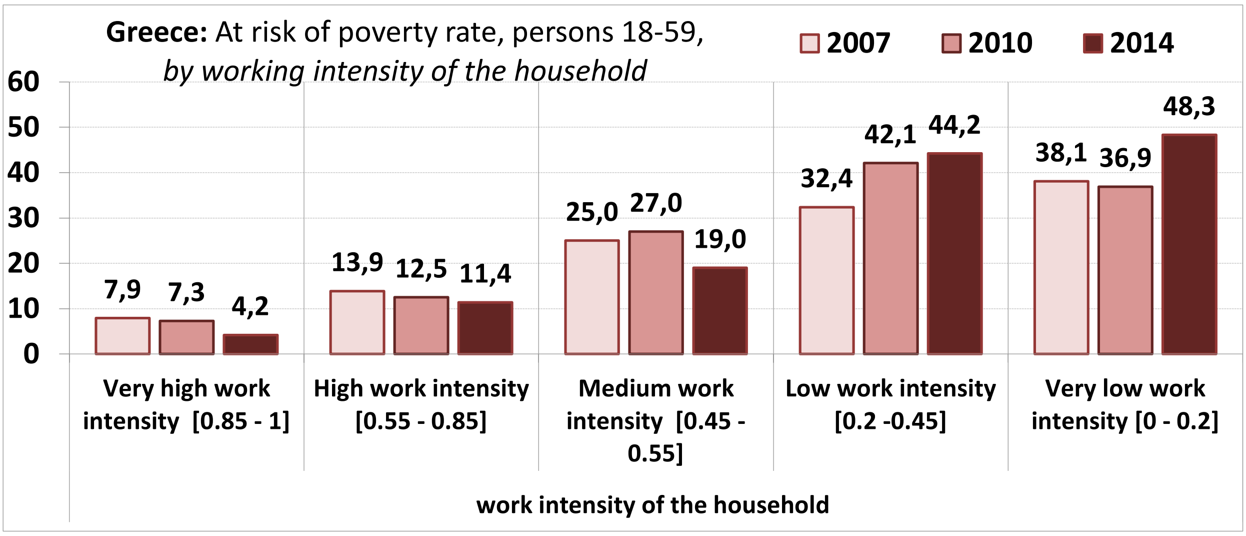


Table B1: Changes in income level by relative income position and demographic characteristics in Greece, 2010-2014

GREECE	Income in Euro		(%) change	Relative position (country average=100)	
Demographic characteristics	**2010**	**2014**	**2010-2014**	**2010**	**2014**
Total Population	**11,963**	**7,680**	**-35.8**	**100**	**100**
Age and Gender					
Men 18-64	12,967	7,904	**-39.0**	108	103
Women 18-64	12,632	7,800	**-38.3**	106	102
Men 65+	11,130	7,864	**-29.3**	93	102
Women 65+	10,280	7,500	**-27.0**	86	98
Household Type					
Single Person	10,000	7,730	**-22.7**	84	101
Single Parent	9,833	6,400	**-34.9**	82	83
Couple both aged <65	14,295	8,938	**-37.5**	119	116
Couple both aged >65	10,433	7,813	**-25.1**	87	102
Family with 1 child	11,667	8,574	**-26.5**	98	112
Family with 2 children	12,122	7,452	**-38.5**	101	97
Family with >2 children	10,667	5,963	**-44.1**	89	78
Nationality					
Migrants (EU28)	9,648	7,600	**-21.2**	81	99
Migrants (non EU28)	8,095	4,560	**-43.7**	68	59
Nationals	12,600	8,009	**-36.4**	105	104

Table B2: Changes in income level by relative income position and labour market characteristics in Greece, 2010-2014

GREECE	Income in Euro		(%) change	Relative position (country average=100)	
Demographic characteristics	2010	2014	2010-2014	2010	2014
Total Population	**11,963**	**7,680**	**-35.8**	**100**	**100**
Employment Status					
Employees	15,105	10,202	**-32.5**	126	133
Employed not employees	11,674	7,833	**-32.9**	98	102
Unemployed	8,288	4,977	**-39.9**	69	65
Retired	11,267	8,300	**-26.3**	94	108
Other inactive	10,108	6,384	**-36.8**	84	83
Working Intensity					
Very High	16,226	12,083	**-25.5**	136	157
High	13,087	8,989	**-31.3**	109	117
Medium	10,000	7,056	**-29.4**	84	92
Low	8,329	5,135	**-38.3**	70	67
Very Low	8,725	4,895	**-43.9**	73	64

Table B3: Income Poverty indicators in Greece by age group, 2007-14

GR	2007	2008	2009	2010	2011	2012	2013	2014	2007-2014
People at risk of poverty or social exclusion *(AROPE)*									*in p.p.*
Total	**28.3**	**28.1**	**27.6**	**27.7**	**31.0**	**34.6**	**35.7**	**36.0**	**7.7**
<18	28.2	28.7	30.0	28.7	30.4	35.4	38.1	36.7	**8.5**
18-64	27.8	27.9	27.1	27.7	31.6	37.7	39.1	40.1	**12.3**
65+	27.8	28.1	27.7	27.9	31.4	37.2	38.9	39.3	**11.5**
At-risk-of-poverty rate *(cut-off: 60 % of median income)*									*in p.p.*
Total	**20.3**	**20.1**	**19.7**	**20.1**	**21.4**	**23.1**	**23.1**	**22.1**	**1.8**
<18	23.3	23.0	23.7	23.0	23.7	26.9	28.8	25.5	**2.2**
18-64	18.7	18.7	18.1	19.0	20.0	23.8	24.1	23.5	**4.8**
65+	22.9	22.3	21.4	21.3	23.6	17.2	15.1	14.9	**-8.0**
At-risk-of-poverty rate anchored in 2008									*in p.p.**
Total		**20.1**	**18.9**	**18.0**	**24.9**	**35.8**	**44.3**	**48.0**	**27.9**
<18		23.0	22.6	20.7	27.5	40.5	51.8	52.3	**29.3**
18-64		18.7	17.5	17.2	23.0	36.4	43.8	47.1	**28.4**
65+		22.3	20.5	18.2	28.7	29.5	39.5	47.0	**24.7**
At risk of poverty threshold *(60 % of median equivalised income)*									*(%)*
Euro	6,120	6,480	6,897	7,178	6,591	5,708	5,023	4,608	**-24.7**

Note: * At-risk-of-poverty rate anchored in 2008: the estimated difference refers to 2014-2008.
Source: Eurostat.

Table B4: Income Poverty Indicators of persons aged 65+ by gender, Greece 2007-14

GR	2007	2008	2009	2010	2011	2012	2013	2014	2007-2014
People at risk of poverty or social exclusion *(AROPE)*, ***persons 65+***									*in p.p.*
Men	26.7	26.6	26.3	26.6	30.2	36.6	37.5	38.6	**11.9**
Women	29.0	29.5	29.2	29.2	32.5	37.8	40.2	40.1	**11.1**
Gender ***Gap****	**2.3**	**2.9**	**2.9**	**2.6**	**2.3**	**1.2**	**2.7**	**1.5**	**-0.8**
At-risk-of-poverty rate *(60 % of median income)*, ***persons 65+***									*in p.p.*
Men	20.8	20.8	20.9	18.8	21.7	15.9	13.7	13.3	**-7.5**
Women	24.7	23.6	21.9	23.3	25.2	18.3	16.2	16.1	**-8.6**
Gender ***Gap***	**3.9**	**2.8**	**1.0**	**4.5**	**3.5**	**2.4**	**2.5**	**2.8**	**-1.1**
At-risk-of-poverty rate ***anchored in 2008***, ***persons 65+***									*in p.p.**
Men		20.8	19.8	16.0	26.7	28.6	38.1	44.4	**23.6**
Women		23.6	21.0	20.0	30.3	30.3	40.7	49.1	**25.5**
Gender ***Gap***		**2.8**	**1.2**	**4.0**	**3.6**	**1.7**	**2.6**	**4.7**	**1.9**

Source: Eurostat.

Table B5: Income Poverty Indicators, Greece vis-à-vis other EU MS

GR	2007	2008	2009	2010	2011	2012	2013	2007-2013	# 2013
People at risk of poverty or social exclusion *(AROPE)*								*in p.p.*	*rank*
EU28	24.4	23.8	23.3	23.7	24.3	24.7	24.5	**0.1**	
IE	23.1	23.7	25.7	27.3	29.4	30.0	29.5	**6.4**	*21*
GR	**28.3**	**28.1**	**27.6**	**27.7**	**31.0**	**34.6**	**35.7**	**7.4**	*26*
CY	25.2	23.3	23.5	24.6	24.6	27.1	27.8	**2.6**	*19*
PT	25.0	26.0	24.9	25.3	24.4	25.3	27.5	**2.5**	*18*
top MS: CZ	15.8	15.3	14.0	14.4	15.3	15.4	14.6	**-1.2**	*1*
At-risk-of-poverty rate *(cut-off: 60 % of median income)*								*in p.p.*	*rank*
EU28	16.5	16.6	16.4	16.4	16.8	16.8	16.6	**0.1**	
IE	17.2	15.5	15.0	15.2	15.2	15.7	14.1	**-3.1**	*7*
GR	**20.3**	**20.1**	**19.7**	**20.1**	**21.4**	**23.1**	**23.1**	**2.8**	*28*
CY	15.5	15.9	15.8	15.6	14.8	14.7	15.3	**-0.2**	*13*
PT	18.1	18.5	17.9	17.9	18.0	17.9	18.7	**0.6**	*20*
top MS: CZ	9.6	9.0	8.6	9.0	9.8	9.6	8.6	**-1.0**	*1*
At-risk-of-poverty rate anchored in 2008								*p.p.**	*rank*
*EU27**		16.6	15.9	15.8	16.9	17.5	18.4	**1.8**	
IE		15.5	15.4	20.0	21.7	25.3	25.4	**9.9**	*24*
GR		**20.1**	**18.9**	**18.0**	**24.9**	**35.8**	**44.3**	**24.2**	*27*
CY		15.9	16.3	17.4	15.3	17.6	23.3	**7.4**	*22*
PT		18.5	18.1	16.1	17.9	19.4	22.3	**3.8**	*21*
top MS: SK		10.9	7.8	7.3	7.0	6.0	7.4	**-3.5**	*1*

Source: Eurostat.

Table B6: Social Exclusion indicators in Greece, in detail, 2007-2014

GR	2007	2008	2009	2010	2011	2012	2013	2014	2007-2014
Severe material deprivation rate									*in p.p.*
Total	**11.5**	**11.2**	**11.0**	**11.6**	**15.2**	**19.5**	**20.3**	**21.5**	**10.0**
<18	9.7	10.4	12.2	12.2	16.4	20.9	23.3	23.8	**14.1**
18-64	10.2	10.4	10.3	11.2	15.4	20.7	21.6	22.9	**12.7**
65+	17.4	14.8	12.1	12.4	13.1	14.3	13.7	15.5	**-1.9**
Households making ends meet with great difficulty									*in p.p.*
Total	**18.8**	**20.0**	**22.3**	**24.2**	**25.6**	**35.0**	**39.6**	**39.5**	**20.7**
Single-person	25.6	25.2	24.9	26.7	30.8	31.9	34.8	37.5	**11.9**
Single-parent	33.4	33.6	45.5	40.2	49.2	70.1	49.3	50.1	**16.7**
2 adults 2 chn	15.6	17.7	20.2	24.9	27.1	36.2	38.4	36.8	**21.2**
2 adults 3 chn	21.2	18.9	20.5	23.1	37.5	42.4	49.6	46.0	**24.8**
Population in jobless households									*in p.p.*
Total	**7.9**	**7.5**	**8.4**	**10.3**	**13.7**	**17.6**	**19.6**	**18.8**	**10.9**
<18	4.0	3.6	4.9	6.3	9.2	13.0	13.3	11.3	**7.3**

Source: Eurostat.

Table B7: Social Exclusion Indicators, Greece vis-à-vis other EU MS

GR	2007	2008	2009	2010	2011	2012	2013	2007-2013	# 2013
Severe material deprivation rate								*in p.p.*	*rank*
EU28	9.1	8.5	8.2	8.4	8.8	9.9	9.6	**0.5**	
IE	4.5	5.5	6.1	5.7	7.8	9.8	9.9	**5.4**	*16*
GR	**11.5**	**11.2**	**11.0**	**11.6**	**15.2**	**19.5**	**20.3**	**8.8**	***24***
CY	13.3	9.1	9.5	11.2	11.7	15.0	16.1	**2.8**	*23*
PT	9.6	9.7	9.1	9.0	8.3	8.6	10.9	**1.3**	*18*
top MS: SE	2.2	1.4	1.6	1.3	1.2	1.3	1.4	**-0.8**	*1*
Households making ends meet with great difficulty								*in p.p.*	*rank*
EU28	9.1	9.7	10.4	10.4	10.1	11.0	12.1	**3.0**	
IE	8.4	9.3	11.2	15.2	14.7	17.4	17.4	**9.0**	*18*
GR	**18.8**	**20.0**	**22.3**	**24.2**	**25.6**	**35.0**	**39.6**	**20.8**	***28***
CY	17.3	21.0	20.1	23.3	26.3	22.3	32.1	**14.8**	*26*
PT	15.6	24.2	23.5	20.3	19.2	21.9	24.8	**9.2**	*22*
top MS: FI	2.6	2.9	2.3	2.4	2.6	2.3	2.2	**-0.4**	*1*
Population in jobless households								*p.p.**	*rank*
*EU27**	9.3	9.2	10.1	10.5	10.6	10.9	11.2	**1.9**	
IE	7.9	9.0	12.7	14.6	15.6	15.9	14.7	**6.8**	*26*
GR	**7.9**	**7.5**	**8.4**	**10.3**	**13.7**	**17.6**	**19.6**	**11.7**	***28***
CY	4.7	4.9	5.6	5.9	6.2	7.5	9.2	**4.5**	*9*
PT	5.8	5.6	6.8	7.4	8.4	10.0	10.9	**5.1**	*17*
top MS: SK	6.5	6.0	6.7	6.7	6.3	6.5	6.3	**-0.2**	*1*

Source: Eurostat.

Table B8: Poverty reduction after social benefits, Greece vis-à-vis other EU MS, 2007-2014

GR	2007	2008	2009	2010	2011	2012	2013	2014
At-risk-of-poverty rate before social transfers (%)								
EU28	25.8	25.3	25.4	25.9	26.3	25.7	25.9	:
IE	33.1	34.0	37.5	39.9	39.6	39.3	38.5	:
GR	**23.7**	**23.3**	**22.7**	**23.8**	**24.8**	**26.8**	**28.0**	**26.0**
CY	21.0	22.9	23.6	23.5	23.5	23.5	24.3	:
PT	24.2	24.9	24.3	26.4	25.4	25.3	25.5	:
Reduction in at-risk-of-poverty rate after social transfers (in pp)								
EU28	9.3	8.7	9.0	9.5	9.5	8.9	9.3	:
IE	15.9	18.5	22.5	24.7	24.4	23.6	24.4	:
GR	**3.4**	**3.2**	**3.0**	**3.7**	**3.4**	**3.7**	**4.9**	**3.9**
CY	5.5	7.0	7.8	7.9	8.7	8.8	9.0	:
PT	6.1	6.4	6.4	8.5	7.4	7.4	6.8	:
Ranking of the effectiveness of social transfers in reducing poverty (#)								
IE	3	1	1	1	1	1	1	:
GR	**28**	**28**	**28**	**28**	**28**	**28**	**28**	:
CY	24	20	17	21	17	16	16	:
PT	21	22	22	18	21	20	21	:

Source: Eurostat

ANNEX C: LABOUR MARKET INDICATORS

Table C1: Summary Picture of the Composition of working age population in Greece by gender in absolute terms, 2007-2014

GREECE: COMPOSITION OF WORKING AGE POPULATION (15-64)	(in absolute terms 000s persons)			(%) change		
	2007	2010	2014	2007-2010	2010-2014	2007-2014
TOTAL						
Population	7,355	7,289	7,040	*-0.9 %*	*-3.4 %*	**-4.3 %**
Employed	4,476	4,306	3,480	*-3.8 %*	*-19.2 %*	**-22.3 %**
Unemployed	417	638	1,268	*52.9 %*	*98.6 %*	**203.8 %**
Inactive	2,461	2,344	2,293	*-4.7 %*	*-2.2 %*	**-6.8 %**
MEN						
Population	3,658	3,613	3,480	*-1.2 %*	*-3.7 %*	**-4.9 %**
Employed	2,713	2,542	2,017	*-6.3 %*	*-20.7 %*	**-25.7 %**
Unemployed	153	289	629	*89.1 %*	*117.6 %*	**311.6 %**
Inactive	791	782	834	*-1.1 %*	*6.6 %*	**5.4 %**
WOMEN						
Population	3,697	3,676	3,561	-0.6 %	-3.1 %	**-3.7 %**
Employed	1,763	1,765	1,463	0.1 %	-17.1 %	**-17.0 %**
Unemployed	265	349	638	31.9 %	82.9 %	**141.3 %**
Inactive	1,670	1,562	1,460	-6.4 %	-6.6 %	**-12.6 %**

Source: Eurostat.

Table C2: Summary Picture of the Composition of working age population in Greece by gender in proportional terms, 2007-2014

GREECE: COMPOSITION OF WORKING AGE POPULATION (15-64)	(as % of working -age population)			change in p.p.		
	2007	2010	2014	2007-2010	2010-2014	2007-2014
TOTAL						
Population	100.0	100.0	100.0			
Employed	60.9	59.1	49.4	*-1.8*	*-9.7*	**-11.4**
Unemployed	5.7	8.8	18.0	*3.1*	*9.2*	**12.3**
Inactive	33.5	32.2	32.6	*-1.3*	*0.4*	**-0.9**
MEN						
Population	100.0	100.0	100.0	*0.0*	*0.0*	**0.0**
Employed	74.2	70.3	58.0	*-3.8*	*-12.4*	**-16.2**
Unemployed	4.2	8.0	18.1	*3.8*	*10.1*	**13.9**
Inactive	21.6	21.7	24.0	*0.0*	*2.3*	**2.3**
WOMEN						
Population	100.0	100.0	100.0	*0.0*	*0.0*	**0.0**
Employed	47.7	48.0	41.1	*0.3*	*-6.9*	**-6.6**
Unemployed	7.2	9.5	17.9	*2.3*	*8.4*	**10.8**
Inactive	45.2	42.5	41.0	*-2.7*	*-1.5*	**-4.2**

Source: Eurostat.

Figure C1: Composition of working age population by gender in Greece

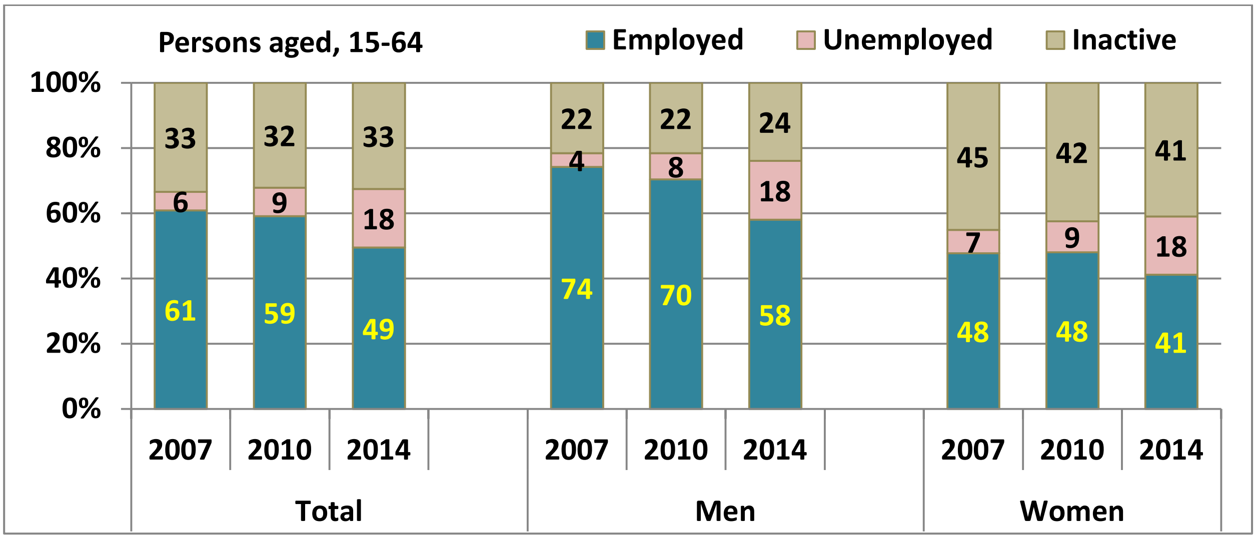


Table C3: Unemployment rate in Greece by age and gender, 2007-2014

	Unemployment rate (%)							
GREECE	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
15-64								
Total	8.5	7.9	9.8	12.9	18.1	24.7	27.7	26.7
Men	5.3	5.2	7.1	10.2	15.4	21.8	24.7	23.8
Women	13.0	11.6	13.4	16.5	21.7	28.4	31.6	30.4
15-24								
Total	22.7	21.9	25.7	33.0	44.7	55.3	58.3	52.4
Men	15.5	16.9	19.5	26.8	38.8	48.5	53.8	47.4
Women	31.7	28.3	33.3	40.3	51.6	63.1	63.8	58.1
25-49								
Total	8.3	7.7	9.5	12.7	18.1	24.7	27.8	27.1
Men	5.1	4.8	6.7	9.9	15.1	21.7	24.3	24.0
Women	12.6	11.4	13.0	16.3	21.9	28.2	32.0	30.8
50-64								
Total	3.8	3.8	5.4	7.3	10.2	15.7	18.8	18.5
Men	2.7	2.9	4.5	6.7	10.1	15.1	18.2	17.4
Women	5.9	5.4	6.9	8.4	10.3	16.6	19.7	20.1
Gender Gap (W–M)	in p.p.							
15-64	-7.7	-6.4	-6.3	-6.3	-6.3	-6.6	-6.9	-6.6
15-24	-16.2	-11.4	-13.8	-13.5	-12.8	-14.6	-10.0	-10.7
25-49	-7.5	-6.6	-6.3	-6.4	-6.8	-6.5	-7.7	-6.8
50-64	-3.2	-2.5	-2.4	-1.7	-0.2	-1.5	-1.5	-2.7

Source: Eurostat.

Table C4: Change in unemployment rate in Greece by age and gender, 2007-2014, in percentage points

	Change in unemployment rate (in p.p.)		
GREECE	**2007-2010**	**2010-2014**	**2007-2014**
15-64			
Total	*4.4*	*13.8*	**18.2**
Men	*4.9*	*13.6*	**18.5**
Women	*3.5*	*13.9*	**17.4**
15-24			
Total	*10.3*	*19.4*	**29.7**
Men	*11.3*	*20.6*	**31.9**
Women	*8.6*	*17.8*	**26.4**
25-49			
Total	*4.4*	*14.4*	**18.8**
Men	*4.8*	*14.1*	**18.9**
Women	*3.7*	*14.5*	**18.2**
50-64			
Total	*3.5*	*11.2*	**14.7**
Men	*4.0*	*10.7*	**14.7**
Women	*2.5*	*11.7*	**14.2**
Gender Gap (W–M)	*in p.p.*		
15-64	*1.4*	*-0.3*	**1.1**
15-24	*2.7*	*2.8*	**5.5**
25-49	*1.1*	*-0.4*	**0.7**
50-64	*1.5*	*-1.0*	**0.5**

Source: Eurostat.

Figure C2: **Trends in long-term unemployment and youth employment ration (20-29) in Greece, 2007-2014**

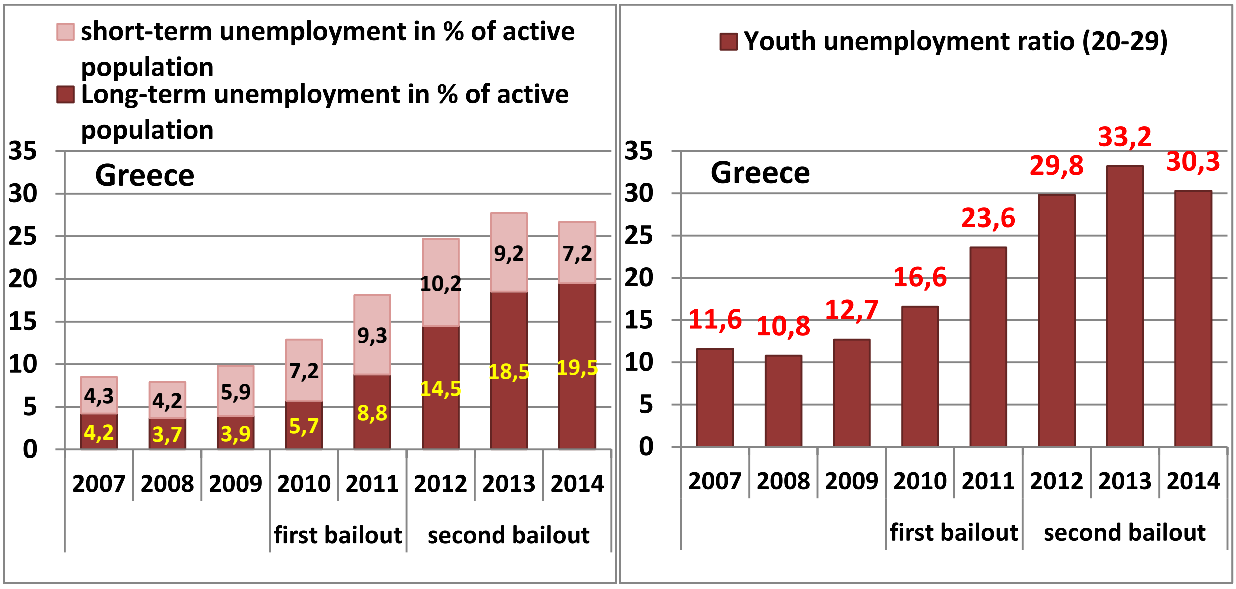


Figure C3: **Unemployment by duration of unemployment and distinction registration / benefits**

Table C5: Employment rate in Greece by age and gender, 2007-2014

	Employment rate (%)							
GREECE	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
15-64								
Total	60.9	61.4	60.8	59.1	55.1	50.8	48.8	49.4
Men	74.2	74.4	73.0	70.3	65.4	60.1	57.9	58.0
Women	47.7	48.6	48.9	48.0	45.0	41.7	39.9	41.1
15-24								
Total	24.0	23.5	22.8	20.1	16.1	13.0	11.8	13.3
Men	29.1	28.3	27.3	24.2	19.4	16.1	14.6	15.8
Women	18.8	18.7	18.3	16.1	12.9	10.0	9.1	10.9
25-49								
Total	76.8	77.5	76.6	74.4	69.7	64.8	62.3	63.1
Men	90.6	90.8	88.9	85.8	80.2	74.0	71.6	71.7
Women	63.0	64.0	64.3	63.1	59.3	55.6	52.9	54.5
50-64								
Total	51.7	52.1	51.8	51.3	48.5	44.8	43.2	43.0
Men	69.2	69.0	67.8	66.3	62.1	57.4	54.9	54.2
Women	34.9	36.1	36.6	37.0	35.7	33.0	32.5	32.7
Gender Gap (M–W)								
15-64	26.5	25.8	24.1	22.3	20.4	18.4	18.0	16.9
15-24	10.3	9.6	9.0	8.1	6.5	6.1	5.5	4.9
25-49	27.6	26.8	24.6	22.7	20.9	18.4	18.7	17.2
50-64	34.3	32.9	31.2	29.3	26.4	24.4	22.4	21.5

Source: Eurostat.

Table C6: Change in Employment rate in Greece by age and gender, 2007-2014, in percentage points

	Change in Employment rate (in p.p.)		
GREECE	**2007-2010**	**2010-2014**	**2007-2014**
15-64			
Total	-1.8	-9.7	***-11.5***
Men	-3.9	-12.3	***-16.2***
Women	0.3	-6.9	***-6.6***
15-24			
Total	-3.9	-6.8	***-10.7***
Men	-4.9	-8.4	***-13.3***
Women	-2.7	-5.2	***-7.9***
25-49			
Total	-2.4	-11.3	***-13.7***
Men	-4.8	-14.1	***-18.9***
Women	0.1	-8.6	***-8.5***
50-64			
Total	-0.4	-8.3	***-8.7***
Men	-2.9	-12.1	***-15.0***
Women	2.1	-4.3	***-2.2***
Gender Gap (M–W)			
15-64	-4.2	-5.4	***-9.6***
15-24	-2.2	-3.2	***-5.4***
25-49	-4.9	-5.5	***-10.4***
50-64	-5.0	-7.8	***-12.8***

Source: Eurostat.

Table C7: Employment in levels by working time and gender, in Greece 2007-2014

GREECE: EMPLOYMENT BY WORKING TIME (15-64)	(in absolute terms 000s persons)			(%) change		
	2007	2010	2014	2007-2010	2010-2014	2007-2014
TOTAL						
Total	4,476	4,306	3,480	*-3.8 %*	*-19.2 %*	**-22.3 %**
Part-time	243	270	323	*11.2 %*	*19.4 %*	**32.8 %**
Full-time	4,233	4,036	3,157	*-4.7 %*	*-21.8 %*	**-25.4 %**
MEN						
Total	2,713	2,542	2,017	*-6.3 %*	*-20.7 %*	**-25.7 %**
Part-time	68	89	132	*31.3 %*	*48.1 %*	**94.4 %**
Full-time	2,646	2,453	1,885	*-7.3 %*	*-23.2 %*	**-28.8 %**
WOMEN						
Total	1,763	1,765	1,463	*0.1 %*	*-17.1 %*	**-17.0 %**
Part-time	175	181	191	*3.4 %*	*5.4 %*	**8.9 %**
Full-time	1,588	1,584	1,272	*-0.3 %*	*-19.7 %*	**-19.9 %**

Source: Eurostat.

Table C8: Employment rate by working time, in Greece 2007-2014

GREECE: EMPLOYMENT RATE BY WORKING TIME (15-64)	(as % of population)			change in p.p.		
	2007	2010	2014	2007-2010	2010-2014	2007-2014
TOTAL						
Total	60.9	59.1	49.4	*-1.8*	*-9.7*	**-11.4**
Part-time	3.3	3.7	4.6	*0.4*	*0.9*	**1.3**
Full-time	57.6	55.4	44.8	*-2.2*	*-10.5*	**-12.7**
MEN						
Total	74.2	70.3	58.0	*-3.8*	*-12.4*	**-16.2**
Part-time	1.9	2.5	3.8	*0.6*	*1.3*	**1.9**
Full-time	72.3	67.9	54.2	*-4.5*	*-13.7*	**-18.2**
WOMEN						
Total	47.7	48.0	41.1	*0.3*	*-6.9*	**-6.6**
Part-time	4.7	4.9	5.4	*0.2*	*0.4*	**0.6**
Full-time	43.0	43.1	35.7	*0.1*	*-7.4*	**-7.2**

Figure C4: Share or part-time employment to total employment

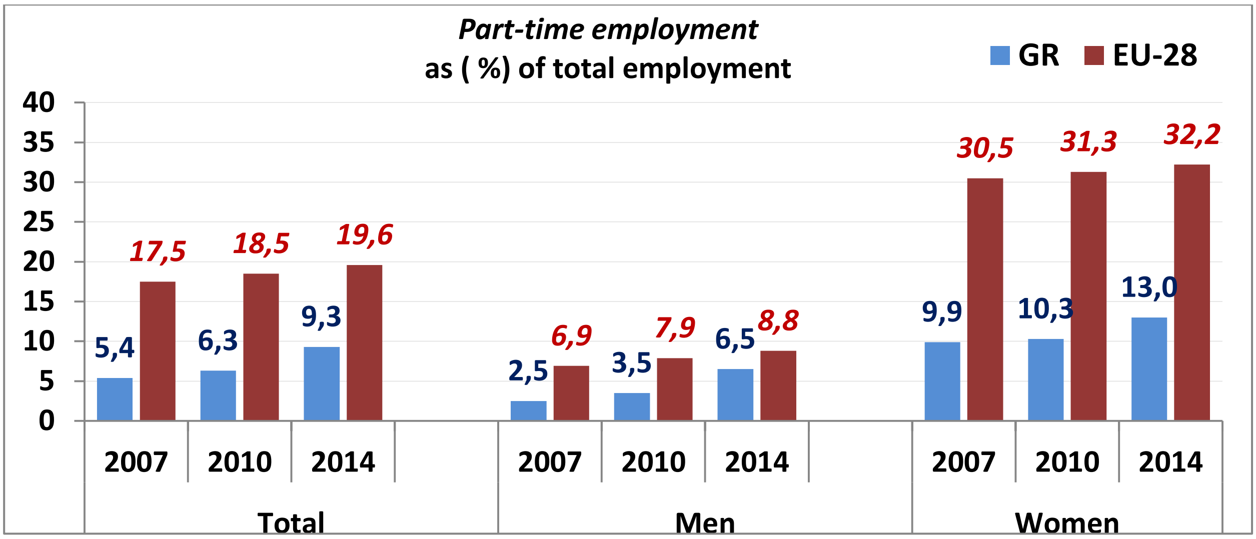


Figure C5: Share involuntary part-time employment to total part-time employment in Greece

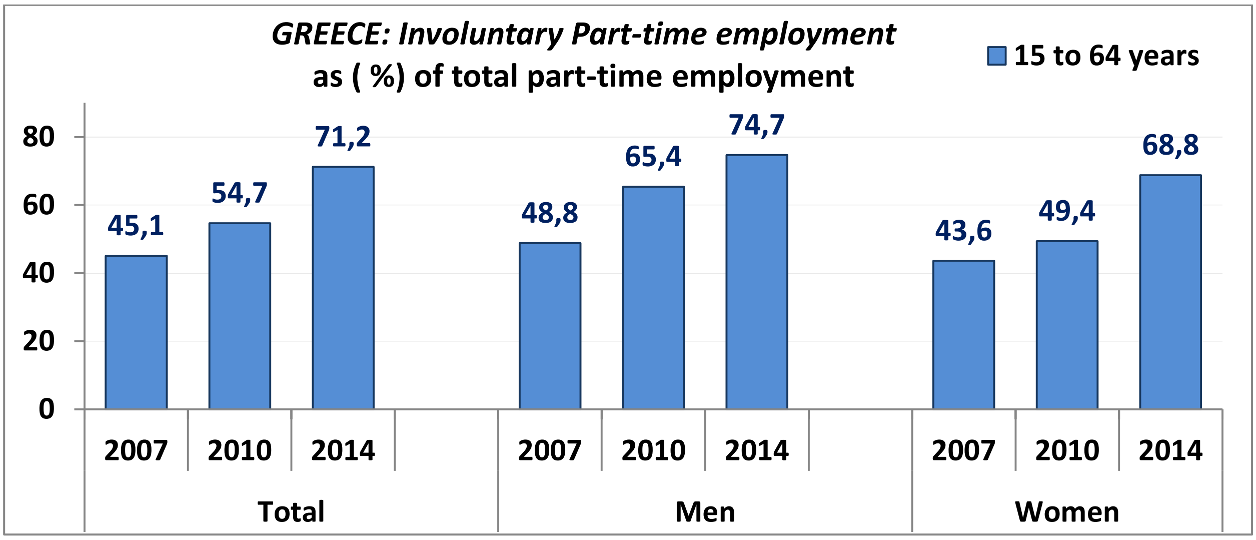


Table C9: Temporary employees in levels by age, in Greece 2007-2014

GREECE: TEMPORARY EMPLOYEES	(in absolute terms 000s persons)			(%) change		
	2007	2010	2014	2007-2010	2010-2014	2007-2014
15-64	**323.1**	**355.3**	**262.4**	***10.0 %***	***-26.1 %***	**-18.8 %**
15-24	62.6	54.6	31.0	*-12.8 %*	*-43.2 %*	**-50.5 %**
25-49	228.9	261.8	198.7	*14.4 %*	*-24.1 %*	**-13.2 %**
50-64	31.6	39.0	32.7	*23.4 %*	*-16.2 %*	**3.5 %**

Source: Eurostat.

Table C10: Employment in public and private in levels by age, in Greece 2007-2013

GREECE: EMPLOYMENT BY SECTOR	(in absolute terms 000s persons)			(%) change		
	2007	2010	2013	2007-2013	2010-2013	2007-2013
PUBLIC SECTOR						
TOTAL	1,018	989	842	*-2.8 %*	*-14.8 %*	**-17.2 %**
MEN	561	530	456	*-5.5 %*	*-13.9 %*	**-18.6 %**
WOMEN	456	458	386	*0.4 %*	*-15.8 %*	**-15.5 %**
PRIVATE SECTOR						
TOTAL	3,502	3,438	2,789	*-1.8 %*	*-18.9 %*	**-20.3 %**
MEN	2,200	2,114	1,710	*-3.9 %*	*-19.1 %*	**-22.3 %**
WOMEN	1,301	1,323	1,079	*1.7 %*	*-18.5 %*	**-17.1 %**

Source: Eurostat.

Table C11: Activity rate in Greece by age and gender, 2007-2014

	Activity rate (%)							
GREECE	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
15-64								
Total	66.5	66.7	67.4	67.8	67.3	67.5	67.5	67.4
Men	78.4	78.4	78.5	78.3	77.2	76.9	76.9	76.0
Women	54.8	55.0	56.5	57.5	57.5	58.3	58.3	59.0
15-24								
Total	31.0	30.1	30.7	30.0	29.1	29.1	28.4	28.0
Men	34.4	34.0	33.9	33.0	31.7	31.2	31.6	30.0
Women	27.5	26.1	27.4	27.1	26.6	27.0	25.3	26.1
25-49								
Total	83.8	83.9	84.7	85.2	85.2	86.0	86.3	86.6
Men	95.5	95.4	95.3	95.1	94.5	94.5	94.6	94.3
Women	72.1	72.3	73.9	75.4	75.9	77.5	77.9	78.7
50-64								
Total	53.7	54.2	54.7	55.4	54.0	53.1	53.2	52.7
Men	71.1	71.1	71.0	71.1	69.0	67.6	67.1	65.6
Women	37.1	38.1	39.3	40.4	39.8	39.6	40.5	41.0
Gender Gap (M–W)								
15-64	23.6	23.4	22.0	20.8	19.7	18.6	18.6	17.0
15-24	6.9	7.9	6.5	5.9	5.1	4.2	6.3	3.9
25-49	23.4	23.1	21.4	19.7	18.6	17.0	16.7	15.6
50-64	34.0	33.0	31.7	30.7	29.2	28.0	26.6	24.6

Source: Eurostat.

Table C12: Change in Activity rate in Greece by age and gender, 2007-2014, in percentage points

	Change in Activity rate (in p.p.)		
GREECE	**2010-2007**	**2014-2010**	**2014-2007**
15-64			
Total	*1.3*	*-0.4*	**0.9**
Men	*-0.1*	*-2.3*	**-2.4**
Women	*2.7*	*1.5*	**4.2**
15-24			
Total	*-1.0*	*-2.0*	**-3.0**
Men	*-1.4*	*-3.0*	**-4.4**
Women	*-0.4*	*-1.0*	**-1.4**
25-49			
Total	*1.4*	*1.4*	**2.8**
Men	*-0.4*	*-0.8*	**-1.2**
Women	*3.3*	*3.3*	**6.6**
50-64			
Total	*1.7*	*-2.7*	**-1.0**
Men	*0.0*	*-5.5*	**-5.5**
Women	*3.3*	*0.6*	**3.9**
Gender Gap (M–W)			
15-64	*-2.8*	*-3.8*	**-6.6**
15-24	*-1.0*	*-2.0*	**-3.0**
25-49	*-3.7*	*-4.1*	**-7.8**
50-64	*-3.3*	*-6.1*	**-9.4**

Source: Eurostat.

Figure C6: Early leavers from education and training, by gender Greece 2007-2014

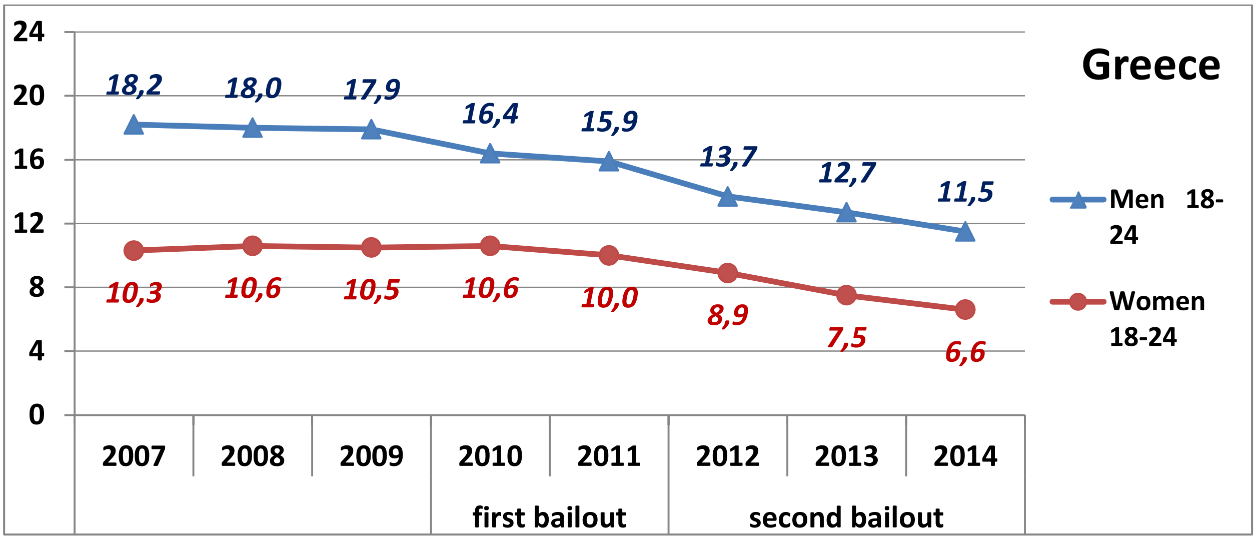


Figure C7: The link between education and youth unemployment, Greece 2007-2014

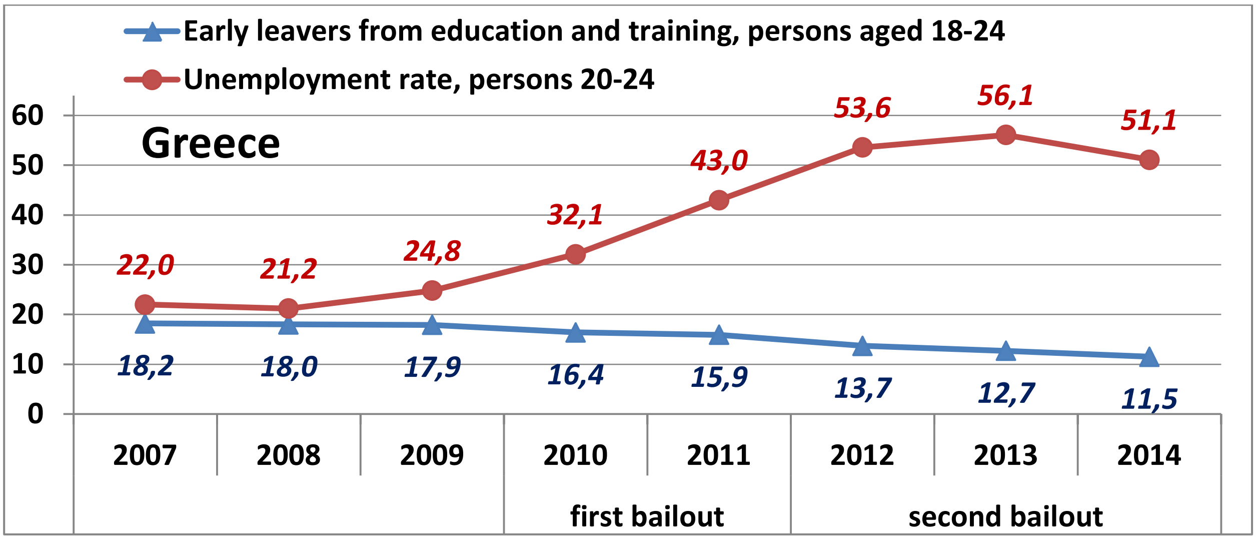


Figure C8: Young people neither in employment nor in education and training (NEETs), Greece 2007-2014

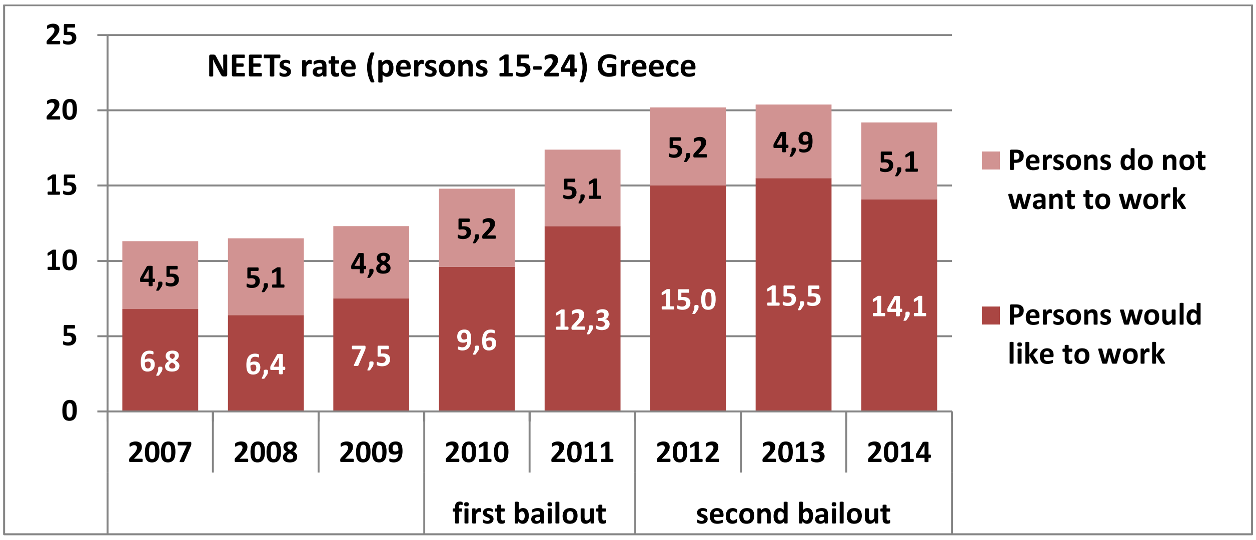
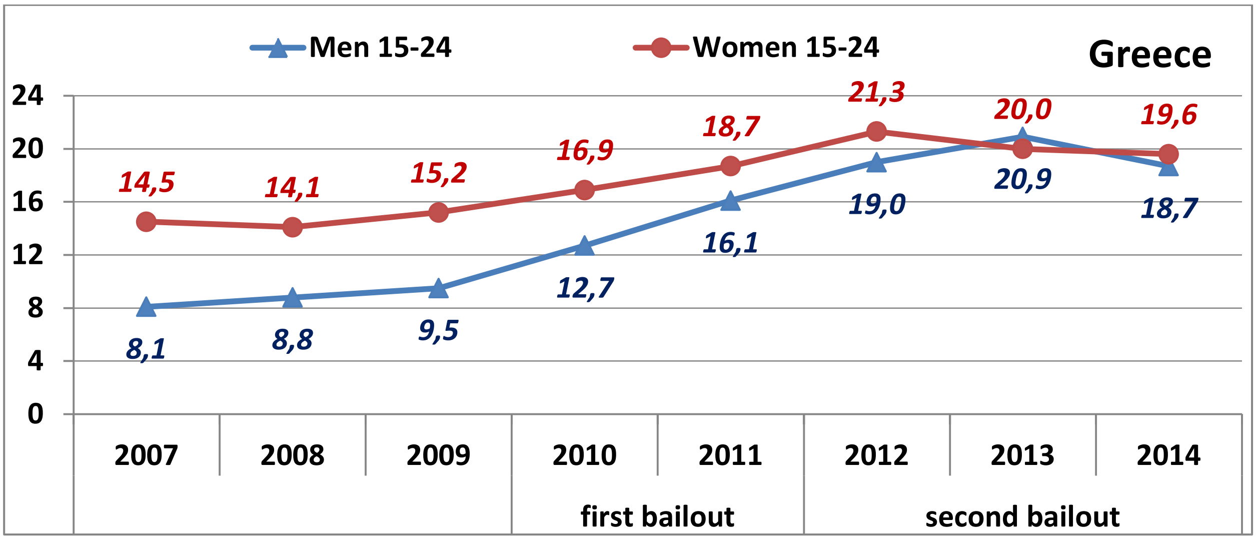


Figure C9: Young people neither in employment nor in education and training (NEETs), by gender, Greece 2007-2014



ANNEX D: HEALTH EXPENDITURES

Table D1: Total Funding on Health Expenditures in Greece by funding agency in m, 2009-2013

GREECE	Total Funding on Health Expenditures					(%) change	
In million euro	2009	2010	2011	2012	2013	2011-2013	2009-2013
TOTAL FUNDING	**23176**	**22269**	**19599**	**17106**	**15777**	***-20 %***	***-32 %***
as (%) of GDP	*9.76*	*9.84*	*9.43*	*8.81*	*8.65*	*-0.8pp*	*-1.1pp*
1. Public Funding	**16097**	**15581**	**13188**	**11407**	**10020**	**-24 %**	**-38 %**
from: General Government	*6115*	*6475*	*4202*	*5046*	*4603*	***10 %***	***-25 %***
from: Social Security Funds	*9982*	*9106*	*8986*	*6361*	*5417*	***-40 %***	***-46 %***
2. Private sector	**7026**	**6615**	**6358**	**5645**	**5616**	***-12 %***	***-20 %***
by: Private Insurance	*434*	*537*	*534*	*526*	*495*	*-7 %*	*14 %*
via: Households	*6592*	*6078*	*5824*	*5119*	*5121*	*-12 %*	*-22 %*
3. Funding by other sectors	**53**	**73**	**53**	**54**	**139**	***166 %***	***165 %***
as (%) of GDP						in p.p.	in p.p
Total Funding *on Health Expenditure*	*9.76*	*9.84*	*9.43*	*8.81*	*8.65*	***-0.78***	***-1.11***

Source: Hellenic Statistical Authority (EL.STAT), System of Health Accounts.

Figure D1: Composition of total health expenditure by funding agency

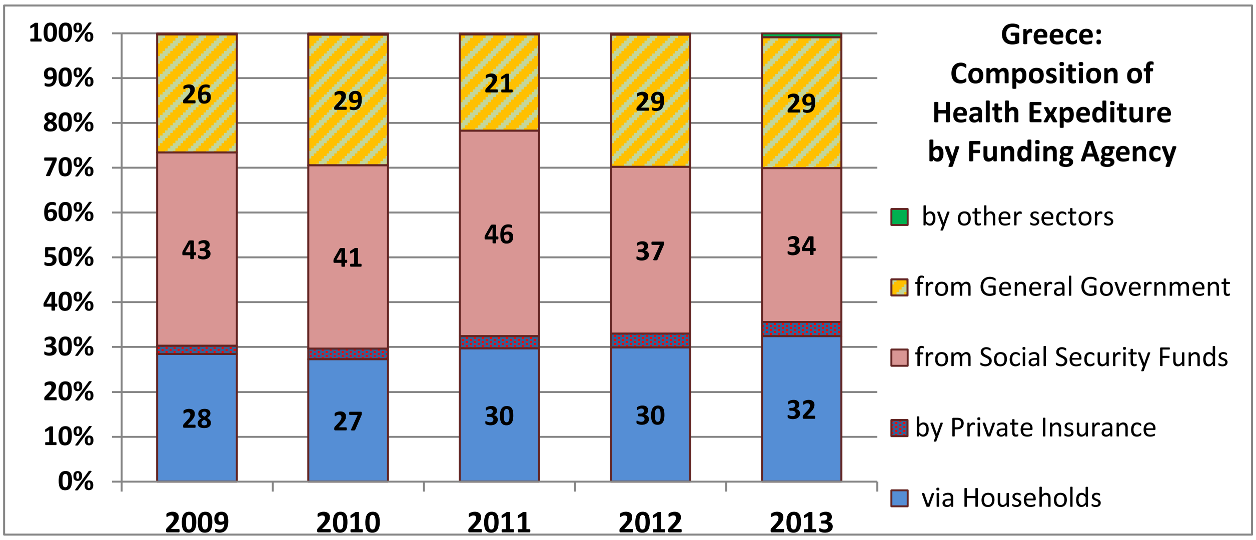
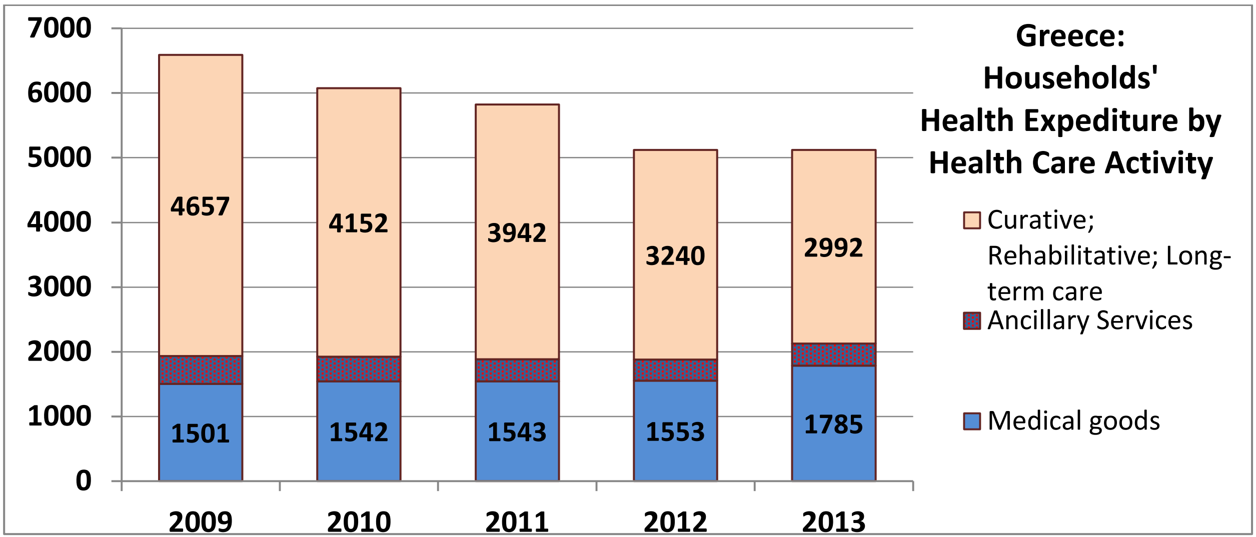


Table D2: Households' health expenditure by health care activity in millions of euro, in Greece, 2009-2013

GREECE	Households' Health Care Expenditure					(%) change	
In million euro	2009	2010	2011	2012	2013	2011-2013	2009-2013
TOTAL HEALTH EXPENDITURE OF HOUSEHOLDS	**6592**	**6078**	**5824**	**5119**	**5121**	***-12 %***	***-22 %***
Medical goods	1501	1542	1543	1553	1785	*16 %*	***19 %***
Ancillary Services	434	384	339	326	344	*2 %*	***-21 %***
Curative; Rehabilitative; Long-term care	4657	4152	3942	3240	2992	*-24 %*	***-36 %***

Source: Hellenic Statistical Authority (EL.STAT), System of Health Accounts.

Figure D2: Households' health expenditure by health care activity in millions of euro, in Greece, 2009-2013



Source: Hellenic Statistical Authority (EL.STAT), System of Health Accounts.

Table D3: Households' monthly out-of-pocket health expenditure in euro, by health care activity and household type, in Greece, 2008-2014

GREECE	TOTAL	BY HEALTH CARE ACTIVITY		
***Monthly* average value in euro**	**TOTAL HEALTH EXP/RE**	**MEDICINES PHARMA-CEUTICAL PRODUCTS**	**SERVICES OF DOCTORS OF EACH SPECIALITY (EXCEPT HOSPITAL)**	**HOSPITAL SERVICES**
All households				
2008	**142**	33	88	22
2014	**106**	39	36	31
2014-08 (%)	**-26 %**	**19 %**	**-59 %**	**44 %**
One person aged 65+				
2008	**87**	36	41	10
2014	**100**	55	26	19
2014-08 (%)	**15 %**	**54 %**	**-37 %**	**85 %**
Couple with one child up to 16 years				
2008	**173**	25	123	24
2014	**110**	21	45	44
2014-08 (%)	**-36 %**	**-16 %**	**-64 %**	**82 %**

Source: Hellenic Statistical Authority (EL.STAT), Results of the Household Budget Survey