The “Special Case” of Greece
in the European Context

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Greece and the Socioeconomic Impact of the Financial Rescue Packages

2010-2015 (two administrations of the traditional parties)
• Greece accepted two rescue packages: the 2010 and 2012 MoUs
• GDP declined by 25%
• Investment dropped from 60 billion to 20 billion annually
• Unemployment increased from 7.8% to 27.8%

2015-2017 (a new party gets elected)
• Greece enters a third MoU in August 2015
• GDP stops declining and increases by 1.4% in 2017
• FD Investment increases gradually-reaches an increase of 30% in 2017
• Unemployment decreases to 20.7% with 300,000 net new job creation from Jan 2015-Jan 2018
Real Disposable Income Growth 2007 to 2015 by income group
Poverty rates anchored at a fixed point in time (2008) for 2014 and 2015 (%)
Share of the population in POVERTY by country for 2016 (%)

Source: Eurostat, EU-Statistics on Income and Living Conditions (EU-SILC)
Poverty Rates among the Employed and the Unemployed in Greece, 2015 (%)

By activity status¹

Employed 22.5%
Unemployed 70.1%

¹ Population 18 years or older
What to do?

What policies when the private sector is unable to hire (severe recession) and the public sector is not allowed to (reduce gov. spending)?

- Reduce poverty by offering the unemployed a temporary *Social Benefit Job*

*KINOFELIS Ergasia*

- Promote the Social and Solidarity Economy
Main goals of Kinofelis: 2015 onwards

Kinofelis is a public employment programme that begins with the recognition that when the private sector cannot provide sufficient demand for job creation there must be public sector intervention with the following main goals:

• Implement Macroeconomic policy against the ‘trickle down’
• Reconnect the long-term unemployed with the labor market at current level of skills: BACK TO WORK NOW!
• Integrate innovative elements of workplace training, acquisition of new skills and / or recognition of existing skills Through this process, to move them from high-risk categories closer to the labor market;
• Tackle poverty and social exclusion;
• Contribute to the creation of public goods and services at local level, with development impacts on local communities.
Features of Kinofelis

- Since 2016, Kinofelis has included the following innovations aimed at supporting these goals:

  - Target the most vulnerable categories of the Long Term Unemployed, without excluding those closer to the labor market; (months of unemployment, low income, single headed hh, unemployed hh- no adult in employment status, age)
  - The employment contract period is 8 months;
  - Decent work: pays minimum wage, provides full access to labor rights (maternity leave etc.) and, pays contributions to retirement plan;
  - Counseling sessions conducted by the Greek PES (OAED), on entry and exit
  - Optional training at specialised training centres:
    - Certified training (once a week) in the field of IT
    - seminars on employment opportunities in the social economy
  - A project-based approach to employment on the programme.
Features of the project-based approach

- In response to an MOL call, municipalities identify and prioritise projects that create public goods and services.
- Projects must not displace existing municipal work.
- Projects are registered online on an MOL platform.
- Municipalities identify the skills needs for these projects.
- Recruitment against these skills needs is undertaken through OAED, for people registered as unemployed, with a points-based targeting system.
  - Creating transparency and limiting risks of clientalism.
- MOL pays the labour costs; municipalities must cover non-wage costs eg tools and materials.
Ministry of Labour issues a Technical Bulletin setting out the terms of the programme

EYE/ECT
ESF Implementation Authority
Calls on municipalities to submit projects to use their labour allocation

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Implementation Authority
Calls on municipalities to submit projects to use their labour allocation

Municipalities register projects on MOL site, with skills needs specified in terms of ASEP definitions (ASEP = Skills authority)

OAED (Greek PES) then issues a call for applications for these posts from the registered unemployed and selects them based on MOL’s points system

Successful applicants have session with OAED to update profiles and then report to municipalities - with relevant papers – to be appointed. Municipalities then report to MOL on the programme and claim wage costs.

Joint Ministerial Decision
Public Employment Programmes (PEPs): a multi-dimensional development instrument

- Impacts from incomes to participants
- Impacts from activation through participation in employment
- Impacts from the public goods and services created
These in turn link with critical areas of policy

- Social Protection
- Employment policy and ALMPS
- Investment policy and fiscal stimulus
- PEPs
With lessons from Kinofelis highlighting the **interaction** between these roles

- Social Protection
- Employment policy and ALMPS
- Investment policy and fiscal stimulus
- PEPs

With each of these dimensions of Kinofelis impacting on long term unemployment in different ways: on participants, on affected communities and on the wider economy.
• Beneficiaries from higher income brackets often successful because of specific skills needs of projects
• The unemployment benefit system provides relatively low unemployment benefits, paid for a maximum of one year and leaving large segments of the unemployed unprotected.

Kinofelis is effectively targeting LTU and the poorest: which are often linked categories.
In Greece, unemployment affects **all skills and experience levels**

This has created a need – and an opportunity – to integrate more skilled work opportunities into the programme.

- The skills mix enhances the quality and range of assets and services municipalities can deliver.
- And creates scope for mentorship and on the job training for unskilled participants.
Both these participants used to run their own construction companies.

Such skills represent a significant resource for the Greek economy – currently under-utilised:

**But activated through Kinofelis**
In the absence of market-based opportunities.

**This activation prevents/limits the erosion of work skills associated with LTU**

**Keeping the Greek labour force ‘work-ready’ for the recovery**

Through activation, Kinofelis limits the decline in productivity associated with LTU
Enabling a rapid labour market response to recovery
Participant reflections at time of exit

Data source: Exit survey
In addition to loss of the skills of work, LTU has a wide range of negative social and psycho-social impacts.
Kinofelis: mitigating the negative social impacts of LTU
When the crisis began, we lost the earth under our feet. All of us who had been accustomed to working from morning till evening, we became idle, staying home doing nothing. **We cannot live without doing anything.**

We want to be active, we want a job. It’s not just about the money. **We are not lazy people; we think we are alive, we want a programme for our future, not just sitting around. In terms of psychology, if you don’t have a job, where are you in life? And we are not lazy like foreigners say we are.**

I'm 47 years old and I was working in a department store. When it closed I was looking for a job. For **two years** I was very optimistic. I submitted CVs and waited....then I became disappointed..... **It is very important to work, to be paid, to survive with dignity; to feel that you are useful...**

**Employment is about more than the income....**
Lessons from project selection

- Functional upgrade of municipal services
- Social services, health and welfare, cultural
- Social benefit infrastructure
- Environmental activities
- Public building repairs
- Road repair

Project categories from all 325 municipalities
Innovation in project selection

- Municipalities have used Kinofelis to respond to local needs, to maintain public assets and to augment delivery of services
- Resource constraints – and response to local needs – means emergence of focus on social, health, culture and other services = high labour intensity
  - Social kitchens
  - Museum and library services
  - Collection of social histories
  - Advisory services to parents by professionals eg psychologists
  - Digitisation of public archives
  - Care of children, elderly, people with disabilities.
  - Upgrading of public spaces, parks
  - Health interventions for stray animals.
The public goods and services can also support local economic development

- At scale, public employment can have indirect impacts on labour demand in the economy.
- But there are also direct ways projects support the local economy:
  - Eg *Kinofelis* support to **tourism** includes the following:
    - Beautifying public spaces
    - Maintenance of walking paths
    - Creating tourist information kiosks
    - Rehabilitation of heritage sites
- With career path linkages.
  - Eg *Kinofelis* support to the **Green Economy**:
    - An opportunity in relation to climate adaptation and mitigation agendas.
Projects that address community needs enhance inclusion for participants

• When the work is valued by the community, it enhances the value of participation for participants also.

• Positive community feedback strengthens social inclusion effects: a target of the programme.

• Highlighting the importance of community consultation and involvement of local stakeholders in project identification: to strengthen this impact.

When we started to construct this pavement, residents of the apartment block came out onto their balconies to applaud us.
Lessons from current phases highlight ways of strengthening employability effects

• Strengthen project selection processes:
  – Aligning the profile of the unemployed
  – Use diagnostic tool on areas of growth in labour market demand to inform project choices

• Optimise the quality of the work experience
  – The quality of management
  – The quality of on-the-job training, using mentorship opportunities

• Strengthen the reputation of the work experience gained in Kinofelis
  – Involvement of private sector in project selection and quality assurance
  – Publicity and communication about the assets and services provided.
  – Institutionalisation of quality assurance methods at municipal level.

• Enhanced transversal training
  – Including behavioural, goal orientation dimension.

• Recognition of prior learning and certification.

• Build systems of support and exposure for those wanting to take social enterprise or other enterprise activity

• Linkages to other ALMPs the Open Framework
Kinofelis and the interaction with other ALMPS

• Greece is in the process of developing an Open Framework approach to ALMPs, to be implemented by OAED.

• The question arises: how should Kinofelis fit into such an approach? The issue raises a number of questions:

  – The roles of different kinds of activation
  – Issues of timing and sequencing of ALMPS
  – Issues of scale.
  – The interaction with social policies.
From crisis to recovery

Kinofelis performs an **activation function** across the period
But with a shift in emphasis in its role

The scope for transitions into the wider labour market rises with recovery

Most ALMPs depend on market demand for labour to be effective.
At the height of the crisis, there is little prospect of participants exiting into employment – because of an absence of labour demand. But the activation effects at this stage should not be overlooked...

Kinofelis maintains and/or reinstates ‘work readiness’ and limits the erosion of productivity associated with LTU - that can in itself compromise the pace of recovery.

Most ALMPs depend on market demand for labour to be effective.

The scope for transitions into the wider labour market rises with recovery.

Kinofelis performs an **activation function** across the period

But with a shift in emphasis in its role...
Kinofelis is able to provide an activation pathway for those receiving (cash transfers –GMI) Social Solidarity Income (SSI).

The scope for transitions into the wider labour market rises with recovery.

Most ALMPs depend on market demand for labour in order to be effective.

From crisis to recovery:
Kinofelis activates the poorest and hardest to reach: when conditions are toughest; getting participants ‘work ready’ and closer to the labour market:
Bridging the Gap.
The exit interviews show an increase in levels of depression in a context in which participants have little faith in the availability of jobs on exit.

Many express despair at the prospect of returning to an unemployed state.

Raising important policy questions about the following:

- The duration of the programme and the timing of exits relative to market recovery
- The scope for sequencing of ALMPS to enhance success with LTU
- The need for a stronger focus on strategies to enhance employability – and build networks and partnerships - to enhance participants chances in the wider labour market on exit:
  - Even though stimulation of market demand is not within the direct influence of the programme.
- Consideration of what approaches to prioritise when low market demand means traditional ALMPS such as training have limited prospects of success.

Participant reflection on working in Kinofelis:

“It’s as if you have just lit a candle but it’s in a strong wind and you’re scared the wind will blow the candle out at any time. That’s what it feels like.”

Participant in Aegalieo municipality – early in the programme.
In conclusion Kinofelis: can promote employability and work-readyness in support of recovery

- **Addressing impacts of LTU on participants:**
  - Incomes
  - Capabilities, skills and disciplines of work
  - Access to information and networks
  - The psycho-social effects of LTU

- **Addressing impacts of LTU on communities:**
  - Communities affected by rise in substance abuse, anti-social behaviour, crime, poverty
  - Assets and services contribute to tackling these issues also.

- **Addressing impacts of LTU on the wider economy.**
  - Limits loss of productivity, maintains work readyness
  - Enables quicker recovery
  - Fiscal stimulus effects.
The EU Challenge and the Way Forward

A job guarantee policy: Moving from a ‘special intervention’ Status to a ‘permanent policy’ Response.

• Is it feasible to establish such policy at EU level?
  - Policy recognition among Member States
  - Endorsement by Citizens
  - Policy adoption by EU Parliament, European Semester, EU Council etc.

Fiscal Space: Financing and Resource mobilization
The GLOBAL Challenge for the Way Forward

-Fiscal Space: Financing and Resource mobilization? (donor –recipient), Create National Fiscal Space? Global Action is needed to stop the race to the bottom !!!!!!!!!!!!!!!!!!!!!!!!

- 4 priorities

1) Tax heavens and Tax regimes – beggar thy neighbor?
2) Share the tax burden fairly-away from consumption
3) Pay workers a living wage and close the gap with executive rewards-distribution issues on inequalities
4) Use progressive public spending to tackle inequality-

“Social wage”: Earned income (market and social benefit jobs), fair taxation, progressive universalism for access to Health, early childhood development, education, shelter,
U.S. Tech Companies Hoard Billions in Offshore Tax Havens

Top 10 U.S. tech companies by amount held offshore in 2014

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<th>Company</th>
<th>Amount Held Offshore ($ billions)</th>
<th>Tax Haven Subsidiaries</th>
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Corporate Profits After Tax and Labor Share as % of GDP, 1947-2013

Source: Federal Reserve Bank of St. Louis, Economic Research