Faced with the economic crisis and the joint pressure of the IMF and the European Union, the Greek legislative and social landscape was particularly marked, especially by the many changes to both labour and social security law. Certainly, labour law – a subject particularly sensitive to the economic evolution - could not remain "untouched" in relation to the recent changes brought about by the crisis".[1]

1. a) What are the most significant changes that the legal system of your country has undergone since the start of the global economic crisis (2008), with particular reference to the following area of employment contracts law;

I.1 The Initial Measures Protective for Employees

Protection of the most vulnerable workers constitutes the spirit of the first steps triggered by the crisis, which concerns, predominantly, the "false self-employed" persons that can now benefit from a presumption of a subordinate employment relationship (A). These measures are addressed to precarious workers, in favor of whom some measures have been adopted, whether it concerns temporary employment (B) or temporary layoff (C). Finally, older and younger workers are particularly targeted (D), of whom are those experiencing the highest unemployment rates.

I.1.A: The Presumption of Subordinate Employment Relationship

The development of new forms of employment organization and the emergence of self-employment have led the Greek legislature to amend the rules on the legal nature of the employment contract. In this regard, despite the fact that the criterion of dependence remains unchanged, the issuing of directions and the control of

[1] The current report has been prepared by Dimitrios Papadimitriou, LLM of Labour Law (University of Athens), Dr. Ioannis Skandalis, DPhil in Law (University of Oxford) and Anna Tsetoura, PhD at Law student (University of Thessaloniki). We are indeed grateful to Dr. Costas Papadimitriou, Professor of Labour Law in the University of Athens and President of the Greek Society for Labour and Social Security Law (E.D.E.K.A.), for providing us with his impeccable paper entitled "The Greek labour law face to the crisis: A dangerous passage towards a new juridical nature" (ELLN Working Paper Series, December 2013) for the purposes of this report, as well as for his guidance, useful comments and constant encouragement during the preparation of the current report. It should be noted, however, that any potentially existing gaps or omissions are entirely attributable to us.

employees' activity reveal the subordination and imply the application of labor law.[2] However, in order not to leave the field open to false independence and provide more effective protection to the party who is in a situation of real dependence, the rules of evidence have been modified. In particular, the previously existing legal regime (Law 2639/1998) provided for the presumption of self-employment if a written contract was entered to and the competent authority was notified.[3] However, the new law, 3846/2010 abolished the above presumption and introduces the opposite one, namely the presumption of a dependent employment relationship.

More precisely, in the event of personally provided services, or in principal, for the same employer during nine consecutive months, the employment relationship is presumed to be subordinate. In this way, economic dependency seems now to obtain indirectly an important role concerning the application of labor law. However, the employer always has the opportunity to prove that the worker is not subject to his instructions, that is to say that he operates independently.

I.1.B: Temporary Agency Employment

The provisions of law 3846/2010 also have amended the rules governing temporary agency employment. This atypical form of work has been acknowledged in Greece for the first time in 2001 by Law 2956/2001. The employer could, pursuant to these above provisions, at any time, recourse to temporary employment without this option having been justified by specific reasons linked to the work organization.[4] Currently, the new law (3846/2010) limits the use of temporary labor to specific cases within the functional activity of the enterprise. Such a recourse is only allowed for reasons justified by "exceptional, temporary or seasonal needs of the establishment". The role of temporary agency work has therefore been changed; significantly restricted, its ability to compete with the typical work is greatly diminished.

In addition, the new legislative measures extend the principle of equal treatment of employees in the event of temporary employment. Equality is no longer limited, as previously, concerning the application of the wage clauses of collective agreements. It

[2] I. Koukiadis, Individual Labour Law (in Greek), Sakkoulas, Athens-Thessaloniki, 2011, p. 206 s.
[3] D. Zerdelis, Labour Law (in Greek), AN Sakkoulas, Athens, 2011, p. 27 s.
[4] C. Papadimitriou, Temporary agency work (in Greek), AN Sakkoulas, Athens, 2007, p. 136 s.

is extended to any form of compensation. It must now be the same that would apply if the temporary workers had been recruited directly by the employer for the same position or the same function. In addition, equal treatment includes all forms of benefits. Thus, it is now expected that temporary workers should have access to facilities and amenities available within the company (especially canteens, childcare facilities and transport services) under the same conditions as the employees hired directly by the company, unless the difference of treatment is justified by objective reasons. In this way, Greece fulfills the obligations arising from Directive 2008/104/EC.

Additionally, the new regulations provide two new constraints for the use of temporary employment. Firstly, the recourse to temporary is prohibited when the company has proceeded to economic dismissals of workers of the same qualification during the previous 6 months or to collective dismissals during the previous 12 months. Secondly, the said recourse is also prohibited for the execution of hazardous tasks for the health and safety of workers and in the category of work in the construction sector.

However, a more recent statute (Law 3899/2010) addressed the modification of the rules governing the duration of the assignment. Whereas previously - in accordance with earlier regulation - the duration of the assignment at a user undertaking could not exceed 18 months, the new Law provides that the duration of the assignment, including renewals, may extend to 36 months. Such an increase, aiming to constitute the use of this form of precarious work more flexible, seems to be in contradiction with the previous measures adopted a few months ago (Law 3846/2010), aiming to limit the use temporary workers only in the event of "exceptional, temporary or seasonal" needs, having therefore, in principle, a much more limited duration.

Finally, law 4052/2012 makes the rules on temporary employment more flexible. The placement of workers for profit can now be realized not only by companies having the form of "societés anonymes" (as the previous law provided) but also by other types of companies and especially by individuals. However, it is important to underline that these new provisions provide that temporary agency workers count for the purposes of calculating the threshold above which bodies representing workers provided for by

national law are to be formed both in the user undertaking and in the temporary work agency.

I.1.C: The Temporary layoff of Employees

In the event of shortage of business activity, Greek legislation historically provides that the employer may layoff all or part of its staff for up to three months per year and during the said layoff the employer may pay half of the monthly salary. However, such an important employer's decision was not accompanied by any trade union consultation, a situation that was the subject of frequent criticism by legal theory.[5] The new law 3846/2010, in an attempt to fill this gap, provides that the layoff of workers must be preceded by a consultation with union representatives.

I.1.D: A Protection targeting the Age of the Workers

Initially, it should be noted that older workers are a group of the most vulnerable workers in times of economic crisis. They are often, despite their professional experience, the first to be dismissed and then they eventually have the greatest difficulties to secure a new employment. This is the reason why the legislature (Law 3863/2010) provided in their favor two measures to protect their jobs and to make their dismissal more difficult. Firstly, the number of employees over 55 years of age shall not exceed 10% of the total number of workers dismissed for economic reasons. Otherwise, dismissal may be qualified as unlawful. Secondly, in case of dismissal of employees who are older than 55 years of age, the employer must bear, for a certain period (up to 3 years), a significant proportion (ranging from 50 to 80%, depending on the age of the employee) of the cost of social insurance of an employee who remains unemployed.

Young people constitute the other portion of the workers most affected by the current crisis. The statistics highlight their unemployment rate as particularly high. The particularity of new measures consist of "subsidy" of their hiring, not by way of exemption from employer contributions, but by reducing their wages. It is regulated (Law 3986/2010) that the net wages of employees younger than 25 years of age and recruited for the first time, will be 20% lower compared to the level of the minimum

[5] See e.g., Intermediate report of the Commission for conciliation of flexibility with security (in Greek), *op.cit.* p. 993 s.; I. Koukiadis, *op.cit*., p. 489 ; C.Papadimitriou, *op.cit*, p. 1378 s.

wage set by collective agreements. In this way, the cost of labor is significantly reduced for employers.

However, these first "national" steps referred to as protective, adopted at the beginning of the crisis, have been replaced by interventions of other type imposed without prior negotiation with the Greek social partners. This second wave of measures adopted to cope with the economic crisis devastating the national economy, has literally transformed Greek labour law to the extent that they have changed its origins and nature. This definitive reversal of the standards of labour law constitutes essentially a progressive flexibilization of the Greek labor market.

I.2: The "Rampant" Flexibilization of the Greek Individual Labour Law

As the crisis become deeper, the protective function of labour law seems to be more and more abandoned. The emphasis is on both the reduction of labor cost and the flexibility in the use of the labor force. In terms of labor cost with regard to individual employment relations, the measures taken by the legislature mainly concern the overtime (A), the part-time work (B) and the possibility of extending the duration of "partial unemployment" of employees in order to reduce the cost to the employer (C). Finally, the amendments adopted on dismissals are intended both to reduce their cost and to raise the thresholds of collective redundancies (D).

I.2.A: The Cost of Overtime

The level of compensation of overtime is a factor of internal flexibility of the labor force in the sense that, in principle, lower labor force is flexible and the cost is also lower, while the employer has a workforce adapted to fluctuations in demand. The Greek legislature (Law 3863/2010) reduced, in a general way, the increases in remuneration that were previously provided in the event the employer decides the use of overtime.

The hourly rate is now increased by 20% instead of 25% for the first five hours per week (from the 40th to the 45th hour). Beyond 45 hours per week, the increase of the hourly rate for overtime falls from 50% to 40% for the first 120 hours per year and from 75% to 60% for a greater number of overtime work per year. Finally, for the so-called illegal overtime (overtime for which the formalities required have not been

satisfied) the increase decreased from 100% to 80%. Thus, an employers' demand to a more flexible and less expensive labor is satisfied.

I.2.B: Part-Time Work and "Partial Unemployment"

"Partial unemployment" is a measure offering the company the possibility to cope with the crisis by alternatively employing employees for a number of days less than originally stipulated in their relevant employment contracts. It is also an adverse action for the employees, as they receive, during that period, only a part of their contractual salary, that is to say the equivalent for the decreased working time. Pursuant to Article 38 of Law 1892/1990, "partial unemployment" of the employees could be imposed unilaterally by the employer if the economic activity of the undertaking is reduced. This measure could not exceed, under previous legislation, 6 months per year. However, the new law 3899/2010 increases the maximum duration, which can now be extended up to 9 months per calendar year, which renders this measure a rather extreme one.

I.2.C: The Legal Regime of Dismissal

The rules relating to dismissal also constitute an important external flexibility dimension of the labor force. Despite the fact that, in the case of a contract of indefinite duration, the lawfulness of the dismissal does not depend on the existence of a cause, the Greek labour law is often accused of inflexibility. Such a judgment arises, on the one hand, from the relatively high level of severance pay compared to other European countries and, on the other hand, from the rigidity of the legal regime of collective redundancies.

Indeed, the latter regime is rarely used as the consent of the unions or the public authorities is, in any event, necessary to proceed to such a dismissal (only their consultation is not sufficient). Employers regularly demanded in the past the flexibilization of the collective redundancy procedure. They claimed that the companies were obliged, due to the crisis and to the need to be more competitive, to reduce their personnel, an objective estimated difficult to achieve because of the high - direct or indirect - cost of dismissals.

Rules related to severance pay and their beneficiaries have therefore been amended by laws 3863/2010 and 4024/2011[6] and the threshold beyond which dismissals are considered to be collective was increased. In addition, a recent legislation, the law 4046/2012 repealed any obligation imposed on the employer to justify the dismissal.

The Severance Pay

The legality of the dismissal of a worker with a contract of indefinite duration depends on the payment of the severance pay to the dismissed employee. If the severance pay is not dully paid, the dismissal is, under Greek law, null and void. The amount of the severance pay depends on two factors: the monthly salary and the employee's seniority in the company. However, in case of compliance by the employer with the period of notice, the amount of the compensation is reduced to half.[7] However, given the - often very long (up to 24 months) - time of notice required, it was quite common for employers to pay the entire compensation instead of respecting this period of notice, even if this increased the cost of dismissal.

The legislature in this situation decided to adopt a middle path, not by reducing the amount of severance pay, but by considerably reducing the period of notice (initially set at a maximum of 6 months and finally at 4 months). In this way, companies are now particularly interested in complying with the period of notice, in order to reduce by 50 % the amount of compensation due to the dismissed employee. The cost of dismissal is therefore, indirectly, reduced.

In addition, dismissal is also greatly facilitated under the new law by permitting the employer to pay the severance pay in installments equal to 2 months' salary, which lifts the obligation of full payment of the compensation at the time of the dismissal.

The Motivation for Dismissal

Although initially under Greek labour law, the lawfulness of the dismissal of an employee on a open ended contract did not depend on the existence of a cause. There were some internal regulations (particularly in the area of bank and public sector companies) which provided the obligation of the employer to justify the dismissal or

[6] I. Koukiadis, *op. cit*, p. 877.
[7] D. Zerdelis, The Law of dismissal (in Greek), AN Sakkoulas, Athens, 2002, p. 275.

to follow a specific procedure. Law 4046/2012 has abolished all these clauses of employment stability, so that only the ordinary rules (legal) of dismissal are now applicable. All of the employers are therefore able to dismiss without having to invoke any reason justifying the termination of the contract, which gives once again an extreme flexibility to the Greek law in the field of the management of labor.

The Severance Pay for Employees with less than one year of seniority

Under previous legislation, employees with less than one year of service were entitled to a severance pay of one month's salary. Under the new legislation (Law 3899/2010), these employees are no longer entitled receive any severance pay. Similarly, no notice of termination is now required in the event of a breach of the employment contract of these employees without important seniority. Thus, the period of 12 months is similar, pursuant to the new legislation, to a probationary period. Therefore, if one also takes into account the fact that the dismissal does not require, according to the Greek labour law, any motivation, the Greek regime of dismissal has acquired, during this initial period of 12 months, absolute flexibility, rather rare in European legal systems.

The Threshold of Collective Redundancies

As mentioned above, companies rarely resorted to collective redundancy procedure, because of its rigidity, convinced beforehand that obtaining the consent of the representatives of the employees or the public authorities being essential for the legality of such a dismissal, would be unsuccessful. This is why, in the event of scheduled dismissal of a significant number of employees, employers choose to dismiss each month a number of employees strictly below the (monthly) limit authorized by the law. This threshold was, according to the previous legislation, 4 employees in establishments with 20 to 200 employees and 2% of all employees in establishments with more than 200 employees.

In accordance with the new provisions (Law 3863/2010), this threshold was increased by raising the number of employees likely to be dismissed without collective redundancies procedure being applied. Indeed, the respect of such a procedure is now necessary only for dismissal of more than 6 (instead of 4) employees over a period of 30 days in establishments with 20 to 150 employees and for dismissal of more than 5% (instead of 2%) of all staff (or more than 30 employees) in establishments with

more than 150 employees. Therefore, such measures made easier and more flexible the redundancy for economic reasons for Greek companies, which can now more easily and quickly dismiss a large number of employees without these dismissals risk to be qualified as collective redundancies.

1. b) What are the most significant changes that the legal system of your country has undergone since the start of the global economic crisis (2008), trade union law and collective bargaining in Greece

Recent changes in Greek collective labour law were so important that it seems that its nature has been changed.[8] The first feature was the principle of favor in the event of concurrent collective agreements (A). The second constant was the possibility to extend the application of collective bargaining agreements (B). The application of collective agreements after their expiration (C), the possibility of unilateral recourse to mediation and arbitration particularly to resolve an industrial conflict, (D) also constituted fundamental provisions and finally (E) the mandatory reduction of the minimum wage.

In particular, the laws 3845/2010 and 3863/2010 have radically reformed the rules on the hierarchy of collective agreements and the methods of settlement of labor disputes, while a second legislative intervention, a few months later, was considered necessary (Law 3899/2010) in order to promote further changes, followed by two successive laws (laws 4024/2011 and 4046/2012) which finally carry the most decisive changes in the field.

These legislative adjustments are particularly exemplary of the difficulty with which the legislature acts. However, the Greek Conseil d'État, in 2014, decided that the arrangements, provided by the Law 4046/2012 for the arbitration (D), contravened the Greek constitution. This decision of the supreme court, might be the initial point for the reconstruction of the Greek Collective labour law.

[8] C. Papadimitriou, The loss of equilibrium points and the deconstruction of collective labor relations in the light of the 4046/2012 Act and the Act 6/2012 (in Greek), EErgD 2012, p. 699 s. See also A. Kazakos, Collective labor agreements and arbitration after Act 6/2012: the destruction of the production system of collective regulations and the brutal return to individual contracts of work (in Greek), EErgD 2012, p. 593 s.

A - The hierarchy of collective agreements

The regime of the hierarchy of collective agreements occurred, during the past four years, a succession of changes, all of them, however, in the sense of a repeal of the principle of favor in case of plurality of collective agreements, a long-rooted principle in the Greek labour law.

Initially, the Law 3845/2010 amended the hierarchy system of collective agreements. According to the previous regime (Law 1876/1990), in the event of plurality of collective agreements with a different field of application, it was the principle of favor that applied.[9] Therefore, the mechanism of Law 3845/2010 provided that the company collective agreements could include less favorable working conditions than those contained in the agreements of another level. Thus, the priority was, in any case, given to the company collective agreement, regardless of whether it contains less favorable terms than those provided in the branch agreements or in the national interprofessional collective agreements.

However, a more recent law (3899/2010), without directly abolishing current provisions, further affected the hierarchy of collective agreements. In particular, it provided for a new type of collective agreement, called "special company collective agreement" which may provide less favorable terms. Thus, it could be endorsed in order "to save jobs and to improve competitiveness." This reform has provoked a strong reaction within the labor movement. Finally, there have been only few examples of conclusion of such "special enterprise collective agreements", due to the complexity of the procedure for concluding, on the one hand and due to the fact that trade union activists at national level were able to convince the enterprise union not to respond on the other hand.

Finally, Law 4024/2011 amended the hierarchy of collective agreements once more by removing the regime of "special enterprise collective agreements" and by imposing the general and clear priority of company collective agreements in relation to branch agreements. This constitutes the confirmation of the abrogation of the "traditional" principle of favor, which is once again repeated and the derogation is authorized to

[9] Concerning the principle of favour see G. Leventis, Collective Labour Law, (in Greek), DEN, Athens, 2006, p. 488 s.

affect all issues. However, it should be noted that Law 4024/2011 clarifies that the principle of favor is maintained in the event of a conflict with the national inter-professional company agreement insofar as it remains a standard mandatory for all workers in the country.

Meanwhile, the same law facilitates the conclusion of enterprise collective agreements. The objective is clear: to pave the way for the deviation from the provisions contained in the branch agreements. On the one hand, these agreements can now be concluded in companies of any size, whereas previously only companies employing at least 50 employees were involved. Secondly, and above all, the signatories of company collective agreements are no longer exclusively the trade unions, but can also be "unions of persons", that is to say small groups of employees of a company. Obviously, the risk of manipulation of these "unions of persons" in order to conclude derogating agreements is not excluded. In addition, this will likely cause a decrease of interest concerning the conclusion of branch collective agreements, insofar as unions will be particularly aware of the possibility of derogation, at any time, through the negotiation of a company agreement.

B - The repeal of the extension of the application of collective bargaining agreements

The branch collective agreements normally govern labor relations of the members of signatory trade unions. However, the Minister of Labor had the power to extend the scope of a collective agreement and make it binding upon all the workers of a given economic sector or occupation, that is to say, to impose - if the prerequisites needed were met - their application not only to members of the signatory organizations, but also to non-unionized employees and to non-members of signatory employers' organizations. This option granted to the Minister of Labor has simply been repealed by Law 4046/2012. Given that the unionization rate is currently at the lowest level in the history of social law in Greece, the application of branch collective agreements will, therefore, undoubtedly be limited, which will further diminish their importance.

C - The extension of the validity of clauses in collective agreements

Upon expiration of a collective agreement, it remained in force for a period of six

months and was applied to workers engaged during this period (after-effect). However, on expiry of the period of six months, the conditions of work prescribed by the collective agreement continued to apply until the termination or amendment of individual employment contracts. The concerned employer and the employee had the possibility to agree terms less favorable (for the employee) than those provided for in the expired collective agreement. This regulation allowed the retention of accrued benefits, insofar as it was rare that such waivers were concluded at the individual level.

The new regulation reduces the extension of the validity of the terms of the collective agreement. Firstly, the period of extension of the validity of the agreement is reduced from six to three months. Secondly, the continuation of benefits beyond the period of three months, no longer concerns all working conditions, as in the past, but only a portion of salary. Thus, in the case of non-renewal of the collective agreement, the employee's remuneration may be considerably reduced and the "other terms" contained in collective agreements will be considered deleted. Taking into consideration that the non-renewal of a collective agreement is no longer a theoretical possibility, but a reality, and, given the balance of power against the side of the workers, the importance of the above amendment is obvious.

D - Settlement of disputes

Law 1876/1990 provided that both parties of a collective dispute have the right to request mediation services by the Organization of Mediation and Arbitration. The appointed mediator could therefore submit a proposal to the parties concerned. In case of acceptance of the proposal by Part A but of refusal of the proposal by Part B (or in case of refusal to participate in the said mediation), Part A had the right to appeal to unilateral arbitration. The arbitrator's award was binding in the same way as a collective agreement. In practice, the employees' party was the one who most often appealed to mediation as well as arbitration. Therefore, the arbitration was frequently accused by employers to contribute to the increase of the labor cost and, subsequently, the loss of productivity of the Greek economy.

Law 3863/2010 initially planned changes to the system of resolution of collective labor disputes - specifically pronouncing the abolition of the "mandatory" arbitration -

referring for details to a presidential decree. This abolition was probably the most characteristic change.

However, Law 3899/2010, adopted a few months later, further amended the provisions relating to the settlement of disputes, maintaining both procedures of resolution: mediation and "mandatory" arbitration. Indeed, returning to the announcement of the abolition of "mandatory" arbitration its rules underwent a major restructuring: employers have now the right to unilaterally appeal to arbitration under the same conditions as the employees' part. Moreover, the power of decision of the arbitrator was limited, mainly in the case of a unilateral appeal to arbitration. The decision could now only concern the minimum "basic" wage. All other forms of remuneration, such as wage subsidies or other parts not related to compensation were open only to free negotiation of the parties.

The new law (4046/2012) appears once again to interfere - this time in a much more decisive way - with the provisions relating to the resolution of collective disputes. Abolition of "mandatory" arbitration is probably the most characteristic change. Currently, the arbitration is absolutely subject to the consent of both parties, which undoubtedly will lead the system to obsolescence. Thus, the procedure for settling collective disputes that marked the Greek collective relations during the last twenty years, often bringing a solution to several serious disputes, seems abandoned.

However, very recently the Greek Council of the state, through its decision 2307/2014, ruled as unconstitutional the Law 4046/2012, in part on the abolition of the ability of the "mandatory" arbitration. The Council of State, ruled that is unconstitutional (contrary to Article 22, paragraph 2 of the Constitution) the abolition of unilateral recourse to arbitration (3899/2010 and 4046/2012). Specifically, it was held that the term providing that the "recourse to arbitration in any case requires agreement of the parties, is contrary to Article 22 paragraph 2 of the Constitution and therefore should be annulled."

E - Mandatory reduction of the minimum wage

"Troika" has long insisted on the need to reduce wages, a measure believed to be necessary in order to improve the competitiveness of the Greek economy. Even if the

government has not attempted to impose a generalized reduction in wages, however, it has proceeded to the reduction of the national minimum wage.

Indeed, in Greece, the minimum wage is set by the national general collective agreement concluded by the most representative professional organizations.

But now, the Law 4046/2012, following the instructions of "Troika", provides that the minimum wage commencing, from February 14, 2012, is reduced by 22%. In addition, in the case of young workers, the reduction is even more important, since it amounts to 32%.

Yet, this legislation raises issues concerning its compliance with the Constitution, which guarantees the autonomy of collective bargaining against legislative interventions. Of course, if in the past (especially during the 1980s) it is possible to find other examples of such legislative intervention, they related only to the prohibition of wage increases, taking care not to impose their reduction.

Furthermore, the Greek Ministry of the labour is now entitled to decide the minimum wage and not the most representative professional organizations by means of the national general collective agreement.

1. c) What are the most significant changes that the legal system of your country has undergone since the start of the global economic crisis (2008), with particular reference to the following areas of social security law (pension systems, protection against unemployment, welfare to work)?

Key findings[10]

It is true that Greece has been hit hard by the financial crisis. Employment rates have been steadily declining since 2008, while unemployment has been continuously rising. The long-term unemployment rate has also increased impressively. In 2012, the unemployment rate was 24.2%. In particular, youth unemployment has increased to 43.6 % in 2012. Along with unemployment, the social situation deteriorated markedly since the start of the crisis. The share of the population which is either at risk of poverty, or severely materially deprived or lives in a household with very low work intensity is estimated at 31.0% in 2011.The most drastic measures were taken with respect to the pension system, in order to adjust benefits to lower levels.

With respect to the pension system, a first pension reform was attempted in 2010 (Law 3863/2010 and Law 3865/2010). This reform put obstacles to early retirement and simplified the highly fragmented pension system. In the scheme introduced with the pension reform, pension is the sum of contributory pension and basic pension. 'Contributory' pension is the pension awarded according to the contributions that were paid throughout the entire duration or part of a person's working life at net present value in correlation with pensionable age and upon deduction of the operating expenses of social insurance organizations. 'Basic' state pension is a pension funded by the state budget (through taxation) and granted by social insurance organizations. Instead of 'basic', the terms 'social' or 'national' could be used, which refer directly to national social solidarity.

[10] The social and employment situation in Greece Policy Department A: Economic and Scientific Policy, NOTE 2013
http://www.europarl.europa.eu/RegData/etudes/note/join/2013/507491/IPOL-EMPL_NT(2013)507491_EN.pdf

Subsequently, a long series of successive reductions in the amount of pension benefits took place. As a starting point, the Solidarity Contribution of Pensioners was established as a levy to be deducted from the first pillar statutory pensions (art. 38 Law 3863/2010, art. 11 Law 3865/2010 and art. 44 par. 10, 11 and 12 Law 3986/2011). Additionally, the pension reform of the Law 3996/2011 caused retroactive deprivation of social security rights (article 37) imposing stricter retirement conditions for the parents, spouses and brothers or sisters of disabled and limitations on insured women under IKA-ETAM as far as their entitlement to pension is concerned (article 40, par. 5). Limitations were also set on the recognition of qualifying years of insurance (articles 40, par. 6 and art. 40, par. 7 of the Law 3996/2011).

With regard to the supplementary pension system, a new single fund (ETEA) in which almost all funds are to merge was set up. Moreover, the Laws 4051/2012 and 4052/2012 provided for a new formula for calculating pension benefits has been adopted introducing a conceivable funding/capitalization of the system. The system from 2015 and onwards, will be a mixed approach, namely a distributive system with defined contributions (conceivable funding). Additionally, a unified calculation for contributions and pension benefits is introduced. The pensions will be directly linked to the amount of the paid contributions during the whole working life of the insured. In parallel, under the Law 4051/2012, new reductions came into force imposed on the remaining part of the monthly statutory pension (retroactively from 1.1.2012). Regarding the auxiliary pensions, the main reductions were those introduced in the context of the contribution called Special Contribution of Pensioners under article 44 par. 13 of the Law 3986/2011 and the reduction imposed retroactively from 1.1.2012 in the virtue of article 6, par. 2 of the Law 4051/2012.

Moreover, reductions were introduced under subparagraph IA.5 of the Law 4093/2012, as amended by the Law 4111/2013 calculated on the total amount, namely on the sum of pensions. Reductions were also imposed on the lump-sum benefits of the pensioners (article 1, subparagraph IA.5 of the Law 4093/2012) in view of the Memorandum of Understanding of the Law 4046/2012 retroactively from 1.8.2010. According to the latest provisions, pensions up to 1,500 € are to be reduced by 5 percent, those between 1,500 and 2,000 € by 10 percent, while pensions in excess of

3,000 € are reduced by 20 percent. The reductions concern pensions paid for any reason (old age, disability or widowhood) and from any source. The cut is calculated on the sum of the main and the auxiliary pension, should that exceed 1,000 € per month.

Further to the above, retroactive provisions came into force with the Law 4151/2013 on the ground of which certain allowances for pensioners were abolished (article 3 par.2, d e), while the age of retirement was increased (article 1 α΄ and 2 α). Additionally, there was a readjustment of the pensions of those under the special payroll (article 4, par. 12, α΄ and 13, θ΄). It is noteworthy, at this stage, that people receiving pensions from all social security funds stopped receiving their Christmas, Easter and summer bonuses since January 1, 2013. Stricter controls of abuse and fraud, especially concerning invalidity benefits have been put in place, while the prerequisites for eligibility for the old age solidarity benefit (EKAS) have become stricter.

As regards the regular unemployment benefits, these have been reduced as a result of the reduction of the daily minimum wage of the unskilled worker (Law 4046/2012) by 22% and by 32% for people younger than 25 years. Restrictions have also been imposed on the amount of benefits a person might receive. As from 1.1.2013 the unemployment benefits a person may be entitled to receive within a period of four years can be no more than 4.500 € while from 1.1.2014 the maximum amount is reduced to 4.000 € (Law 3986/2011). Further, a Special Fund for the "Self-Employed" has been established, (Law 3986/2011 as amended by Law 4144/2013) providing for at least three months a special assistance in cases of proven ending of an occupation during the last 8 months (waiting period).

It should also be noted that the Law 4093/2012 has defined new conditions for the grant of 'long-term unemployed people benefit'. From 1.1.2014 the benefit may be paid to persons between 20 and 66 years of age provided that their annual family income does not exceed 10,000 € (increased by 586.08 € for every child under the age of 18). A waiting period of 12 months of unemployment has to be completed before the entitlement. The amount of the benefit cannot exceed the amount of 200€

monthly, while the benefit is paid for as long as recipients remain unemployed and never beyond 12 months.

Aiming at promoting employment, Law 3833/2010 (article 18) provided for employment programs for unemployed which are run by ΟΑΕΔ (Manpower Employment Organization). The latter offers subsidies for social security contributions, which can be granted to both the employers and the employed (previously unemployed) in the virtue of the special programs that are compiled by the relevant Ministerial Decisions.

The remuneration of the hired in the context of the special programs of ΟΑΕΔ is borne by ΟΑΕΔ in the amount of the unemployment benefit to which the previously unemployed was entitled and by the employer in the rest of the amount (Law 4075/2012). The employer bears the responsibility for the social insurance of the employed, who is insured in ΙΚΑ-ΕΤΑΜ and all branches of ΟΑΕΔ (article 9 Law 4075/2012). ΟΑΕΔ is also in charge of programs of vocational training and lifelong learning (Law 3879/2010).

More specifically, in case that registered unemployed attend programs of vocational training and their daily remuneration exceeds the amount of the regular unemployment benefit, the days of attendance are deducted from the approved period of time during which they are entitled to the regular unemployment benefit (article 30 par. 3 Law 4144/2013). The Special Account for the reinforcement of Vocational Training (ΛΑΕΚ) operates under ΟΑΕΔ. Currently, the contribution to ΛΑΕΚ is borne by every employer occupying an insured in any branch of ΟΑΕΔ and amounts to 0,45%, while the resources of ΛΑΕΚ granted to enterprises for the vocational training are not considered as an income and thus are irrepressible and tax free (article 34 Law 4144/2013).

What role has the input from the international and supranational authorities (ILO, IMF, European Union, Council of Europe, Eurasian Customs Union, etc.) played in the elaboration of these reform measures?

This issue essentially contains a legal and political aspect and, in this regard, it might only be approached by reference to the views and opinions expressed by individuals, who were closely involved in the process of the Greek labour law reforms, which took place during the crisis. In particular, as was analysed in the previous section of the current report, since May 2010, Greece has been witnessing extensive and rapid legislative changes in labour law and collective bargaining conditions which are unprecedented in Greek and European political history.

In this section, the crucial issue discussed is whether the policies of Memoranda I and II were mainly the result of the conditions imposed by IMF, ECB and EU (the troika), were initiated by the Government, or were the result of social dialogue among social partners.

On this issue, the working paper entitled "Assessing the impact of the memoranda on Greek labour market and labour relations" prepared by Apostolos Dedoussopoulos in collaboration with Valia Aranitou, Franciscos Koutentakis and Marina Maropoulou (henceforth – "the Working Paper")[11] offers crucial findings, as the authors interviewed a number of political and other individuals closely involved in the Greek labour law reforms. In particular, as noted in the Working Paper "all persons interviewed expressed the opinion that almost all interventions had been imposed by the troika. Some said that the Government enforced a further deregulation of the labour market in excess of the troika's demands. All the social partners interviewed said that their role was minimized during the consultation phase. The troika representatives had had some discussions once or twice with each of the social

[11] Apostolos Dedoussopoulos in collaboration with Valia Aranitou, Franciscos Koutentakis and Marina Maropoulou "Assessing the impact of the memoranda on Greek labour market and labour relations" (Governance and Tripartism Department International Labour Office, Geneva November 2013), pages 40-42.

partners, but they did not seem to take the partners' analysis and positions into consideration".[12]

Among other interviews, the answers offered by Mrs. Luka Katseli are rather illuminating, since Mrs. Katseli has retained a prominent role during the negotiations between the Greek Government and the troika, as she was the Greek Minister of Labour at that period. It is characteristic that Mrs. Katseli's disappointment arose from the stance adopted by trade union leaders, as she had expected a more militant approach, so that her bargaining position would be strengthened.

Additionally, she took the view that ***the troika considered social partners part of the problem, not part of its solution***. This might explain, according to the Working Paper, very clearly why social dialogue, collective bargaining and labour law have all become "an empty shell in Greek sociopolitical life", as one of the experts interviewed aptly put it.

Another interviewee, namely one of the high-ranking officials in the Ministry of Labour – not a political appointee – who had participated actively in the preparation of the legislation and discussions with the troika took the view that the discussions and negotiations with the Troika were usually driven to a dead end, since "*You can talk for hours only to receive the answer 'we pay your bills, so you will do as we ask'. There is not much scope for bargaining*".[13]

Mrs. Anna Stratinaki, General Secretary in the Ministry of Labour since March 2011, also confirmed the "numerous meetings" between the Ministry and the social partners. More precisely, she stated that the Government had to proceed unilaterally given the lack of consent, and characterized the reforms as "measures of conventional necessity", i.e. imposed to the Greek Government by Memorandum I provisions.

Another interesting question imposed by the authors of the Working paper to the interviewees was whether the troika representatives knew the Greek economy and the details of the institutional setting of the labour market to a considerable extent. It is

[12] Ibid. page 40
[13] Ibid.

characteristic that all the interviewees took the view that the troika understood the institutional setting in detail. However, some of the interviews remained doubtful as to whether the troika had a clear view of the functioning of the Greek economic system.

On the issue of the efficiency of the macroeconomic model used to predict the results of the measures taken, two representatives of research institutes took the view that the indirect effects and induced changes in target values – for example, the effect of recession on tax revenue – were grossly overlooked. In a quite similar vein, Mrs. Katseli also stated that it was the failure to achieve targets that forced the troika to ask for additional measures to compensate for their failure. "This is how they came to demand a 22 per cent reduction in minimum wages," she said. In a more general context, the interviewees agreed that the Greek economy seemed trapped in a "death spiral", a vicious cycle of recession, unemployment and falling tax revenue.[14]

It is also important to be noted that, according to the Working paper, most of the measures taken had been on the agenda of the Hellenic Federation of Enterprises (SEV) in social dialogue since 1997. However, the SEV proposals seemed almost moderate when compared to the measures actually adopted. This might be another indication as to the leading role played by troika with regard to labour law reforms.

As indicated by the above referred interviews, the view taken by us is that the Greek labour law reforms presented in the above sections of the current report were, to the greatest extent, attributable to the demands of Troika (a word intervened to a dramatic extent to the daily discussions of Greek citizens). Apart from the above referred interviews, this conclusion emanates also quite naturally from the fact that all the major labour law reforms are reflected in Greek statutes constituting the national implementation of the memoranda of understanding. In this regard, it is characteristic, for example, that the law 4093/2012, which, as explained above introduced crucial reforms to Greek labour law, is entitled as the "approval of the Medium Term Fiscal Strategy Plan 2013-2016, Urgent implementation measures of L.4046/2012 and the Medium Term Fiscal Strategy Framework 2013-2016".

[14] Ibid. p. 41

The rationale behind the Greek Labour Law Reforms

The significant role played by troika in the context of the Greek labour law reforms leads naturally to the issue of the dominant rationale that essentially provoked the said reforms. With regard to the rationale of the said labour law reforms, everyone interviewed in the context of the Working Paper said that the motive for all measures taken was to reduce labour costs sharply. This appears to result, according to the Working Paper, from the troika's belief that all other cost elements are inflexible: the prices of intermediate products (mostly imported), interest rates, rents, costs of public utilities and taxes. Hence, the only cost that can be adjusted is labour cost.

This was clearly stated by two persons interviewed as they attempted to explain the policy choices made. All agreed that the target for the wage reductions was set by wage levels in Bulgaria, Romania and the Baltic States. If this is so, the rationale for the policy poses, according to the Working Paper, a number of important issues, both theoretical and political. In particular, "it is based on a political philosophy, quite widespread in recent decades that the labour market has to absorb all shocks in the economy. In order to perform this "shock-absorber function", it must be inherently flexible in terms of staff levels, wages, working time and functionality. One should note that this conception of the labour market totally reverses even neoclassical causality, which assumes that the labour market is always at equilibrium, with goods and money markets adjusting accordingly.

In this regard one should note that the labour market performs a double function in contemporary societies. First, it has an allocation function, i.e. it allocates personnel to jobs. Second, it has a reproductive function, i.e. it creates the conditions for the daily maintenance, adjustment and long-term reproduction of the labour force. Labour law, unemployment benefits and all the services provided by state institutions are necessary because the labour market cannot fully perform this reproductive function, especially in times of crisis and high unemployment".[15]

[15] Ibid. pages 41-42

Over and above these theoretical considerations, some important political and social questions must be examined. The Working Paper raises two of these, which relate to the European Union as a political and economic institution. In particular, "First, if this political choice is taken for granted, i.e. that the Greek wage rate should be adjusted to such low levels, then one should begin to worry about the architecture of the European Union. The Treaties of the European Union clearly refer to the establishment of a coherent economic and social space, and not to the creation of a Europe of two, three or more tiers.

Second, Europe is not merely an arena of competing economic entities. It is also a cultural entity, a socio-economic reality. And, although the provisions of the welfare state have been gradually dismantled and the European Union's social policy is subordinated to competition policy, one has to reflect on the future. One cannot compete with low-cost countries in the developing world by establishing low-cost zones inside Europe, at least without increasing tensions and social conflict. Acute problems of policy legitimation emerge, and their importance cannot be underestimated".[16]

We, as Greek Young Scholars, could not agree more with the above findings of the Working Paper. The Greek labour law reforms, as these were drafted and implemented through the leading role of the European Union within Troika, pose, above all, a crucial question for the functioning and the future of the European Union, namely whether the aim of "improved working conditions and an improved standard of living for workers" that was fundamental to the creation of the European Community and is repeated firmly even in the preamble of the Treaty of Lisbon, remains indeed an objective for the European Union, under its current form.

[16] Ibid. page 42