

The Greek government's target of zero public sector layoffs and the troika's of 150,000 over ten years are both ultimately self-defeating.

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The new Greek government recently announced that there would be no layoffs in the public sector, flying in the face of the country's agreements with the IMF and the ECB to implement public administration reforms. For [Kevin Featherstone](#), the futility of this target is matched by the troika's (the ECB, EU, and IMF) demand for 150,000 public sector job cuts over the next 10 years. He argues that both of these targets are self-defeating and will do nothing to encourage Greece to change its priorities towards designing a new economic model for the country.



The fate of Greece seems caught between the crudity of the Troika and the inertia of the domestic politicians proclaiming to save it. With suitors like these, the Goddess Athena should retain her virginity.

Consider the new Government's 'Joint Statement', a text carefully negotiated by the three coalition parties, ostensibly to last four years. There we find a simple, stark four word statement of government policy: "Οχι απολύσεις στο δημόσιο" ("No layoffs in the state"). It is not elaborated any further nor is there any qualification. That's it: a bold, seemingly reassuring proclamation as if the Captain of the Titanic told everyone his vessel would be safe.

The new commitment totally contradicts the obligations Greece has signed-up to under both memoranda. In the 2010 Memorandum, Greece committed itself to examining 'efficiency gains' and to collaborating with the European Commission 'to launch an independent review of public administration and the central government level'. Greece was to work with French officials to make progress with administrative reform. An OECD Report, reviewing the central administration was published last November. It was an excellent survey of the endemic problems of the public bureaucracy. Just last January, Dimitris Reppas, as Minister of Administrative Reform, published a White Paper on 'governance'. This set out a path to a better co-ordinated, smaller and more efficient 'executive state'. For the here and now, the EU Task Force has been working with Greek ministries to enhance capabilities and efficiency. Indeed, before the end of 2012, each of the ministries is scheduled to undergo an assessment 'with a view to improving the efficiency, strengthening prioritisation and clarifying decision-making processes'. And just this last week Reppas' successor – Antonis Manitakis – went to Brussels to stress that the rapid reorganisation of its civil service and public administration was his ministry's top priority. These are fine words from a respected professor.

Who could possibly object to improving the efficiency of the public administration? Surely not the citizens who wait endlessly in queues; not the public servants themselves frustrated at the processes that engulf them; not the politicians who can't get things done? Well, not quite so.

To accept the dysfunctionalities and to offer promises in Brussels, but then to say not one public sector post is to be lost is, of course, a total contradiction. It is to demand inertia: we want to carry on, business as usual. If the previous governments got Greece into its current economic mess, where was the culpability – the 30 or so senior ministers alone or the system they were in charge of?

The uncompetitiveness of the Greek economy and the failings of past governments owes a great deal to the use of the public administration – and the wider public sector – as a substitute for the inadequacies of welfare provision in Greece and the shared culture of clientelism. The hidden unemployment of the public sector has been a drain on resources and an obstacle to understanding how Greece fits in to today's international environment.

But let me be clear on another point: the stupidity of the Government's joint statement has been matched by crudity of the Troika insisting on an across-the-board cut of 15,000 public sector jobs to go each year for the next ten years. A resolute target of 150,000 is just as misguided as a target of zero. Neither allows for an informed, considered review of what skills are needed and where. The 150,000 is conjured up from a myopic fiscal plan, the zero from populism and the craven appeasement of the powerful unions. Both targets are ultimately self-defeating: they do NOTHING to encourage choice and priorities: that is, what kind of model does Greece need?

Some suggest that the government's target of no job losses is just an aspiration, a political tactic. If so, the thinking is autistic. It may win a short-term gain with the public sector unions, but it sends the worst possible signal to Greece's EU partners. Just when there is the political scope to achieve more flexibility and easier terms on the bail-out loans, here is a message that Greece doesn't want to change or doesn't have the leadership strong enough to deliver it. It uses up the political credit to secure victories on more sensible objectives.

Greece needs, above all, the scope for a serious debate on what it wants after the crisis. This means being selective – thinking of the key priorities, the efficient allocation of resources, the design of the model. Returning to historic taboos does nothing to help in this regard. With a blanket protection of those on the 'inside', it also offers those outside the labour market no hope. And it burdens the sector on which growth will mostly depend: business. The only consolation is that Greece's EU partners are unlikely to accept such a condition, but sense may come after humiliation.

**NOTE: This piece has also been published in the Greek Newspaper [Kathimerini](#) (1 July 2012), and at the [Greece@LSE blog](#).*

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Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics.

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