

Long Live Public Employees!

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There is a widespread perception that the public sector in Greece is inefficient. This is because civil servants and generally employees of the wider public sector, which includes trains, buses, etc., are lazy, powerful, and inefficient. Agencies are considered to be overstaffed, but no one knows to what extent. For this reason, the minister of the interior conducted a census last year to find out precisely how many civil servants are currently employed in Greece. Yes, it has taken a crisis of gargantuan proportions to finally conduct such a census so that the government accurately knows how many employees it has on payroll; better late than never. The results showed a little over 720,000 without counting employees of the wider public sector, who are significantly fewer.

Civil servants grabbed the headlines by arguing this shows public agencies are not overstaffed as the proportion of employees relative to all employees was relatively low, generally no more than in other EU countries. The argument is this proves public employees suffer from public perceptions which have nothing to do with reality. They are not as costly because they are not as many; therefore, they are not the cause of Greece's current financial predicament. The former minister of the economy also recently stated approvingly in a television program that much was accomplished during his tenure at the ministry. Among others, he stated the public sector was reduced by more than 80,000 individuals, which implies expenditures were contained according to the government's plan. Not everything was accomplished, but big strides were made.

I have a surprise for those who argue public sector employees are inefficient and lazy: they are not. Public employees are for the most part diligent professionals who pay their taxes, primarily because it's difficult to do otherwise. But lazy many are not. In fact, the reason why anything gets done is because of those faceless employees who work hard under very difficult conditions to not only do their job but also that of others. And this is what brings me to the point. For every ten public sector employees, there are at least five who work very hard. They are the unsung professionals, often in the frontlines, who bear the consequences of irate citizens, who cannot find justice, and the unreasonable bureaucracy that holds back anything and everything in Greece. They produce output for seven people but get paid for five. Then there are roughly three employees who do not work. They are the ones who look annoyingly at citizens who dare to bother their coffee break. They are the ones who unashamedly will tell you to your face that the civil servant responsible for your affair is currently not here when they are the ones who deal with this affair! They are the ones who will "punch the card" for others when they are absent, expecting they will in turn do the same for them. And then there are the so-called ghosts. They are people who get paid by the agency but never show up for work. No one knows who they are and few have seen them. All get paid similar amounts but some simply do not work. Ten people cost the public purse the equivalent of ten employees but the output is worth only seven. Does anyone still think public agencies are not overstaffed?

It stands to reason that if the above picture is accurate, reforming the system would entail changes that go beyond numerical manipulations. The point is not whether Greece has an X number of civil servants but how productive these people are. Whether or not the numbers go up or down means nothing if the proportions I have described above do not change. For this reason, citing the number of employees or their proportion to the population is meaningless and misleading. The current government's decision that lay-offs should be avoided in favor of retirements, transfers, and contract changes is way off the mark. It is costly because it will result in more future sacrifices if we don't get a handle on the real expenditures.

I have no reason to doubt the former minister's veracity, but I must protest the consequences of his statement. Does a reduction in the number of active public sector employees really mean a reduction in expenditures? Probably not. The reason is because many of the changes do not go to the heart of the problem. Viewing the affair from the perspective of the total bill, transferring people from one agency to the next does not change anything unless their

salary and benefits change dramatically. It is probably more of a smokescreen that creates a moving target. Retirements are probably worse because they saddle social security agencies with more expenses—IKA and the like—while overall output is reduced because these people no longer work. Yes, retirement benefits are less than salaries but adding the loss of output probably tilts negatively the total bill. Furloughs do indeed lower expenses, but they are temporary solutions. The country needs a different way to do business.

So instead of trying the current one-size-fits-all solutions, ministers are well advised to change course. Cutting everyone's benefits by, say, 15 percent provides disincentives because hard-workers view themselves as being punished despite their workload and output while the rest view this as a reward. Relative to their input, the losses are trivial. If one does not work but still gets paid, even a 15-percent cut means he/she is still 85 percent ahead of the curve. No matter how hard one works, everyone equally shares the cost. No wonder morale is low and sinking fast.

Instead, provide incentives to keep and grow the number of productive employees. Reward people for their work and punish those who don't work. In the meantime, get rid of the ghosts, which effectively mean selective lay-offs. Firing the ghosts will hopefully send a message to those who don't work that they will soon follow, unless... It will also tell the hard workers that there is justice; belatedly to be sure but justice nonetheless. I don't expect every minister to know who works in his/her agency and who does not. But I do expect these employees' supervisors to know. So structural reforms entail agreements for change that go beyond the easy blanket statements we hear about no lay-offs. They involve serious thought into providing incentives to so-called street-level bureaucrats that they will be held accountable for their output. The laws need to provide incentives, agreed-upon targets, and clear consequences. Let the supervisors do the rest.

I don't expect everyone to like the new system, least of all some government ministers who now have to think and suffer the political cost of changes. I also don't expect some employees to like the idea of lay-offs. But if Greece is to move forward and create a system of fairness and accountability, sacrifices must be made especially by those who intentionally contribute the least and not by an indiscriminate public sector.