Open Thread: Greeks in Private Sector vs. Public Sector

By Matthew Sheffield | June 14, 2012 | 10:38

With its early retirement age and perpetually striking unions, the idea that the average Greek is lazy has a lot of truth to it. But things are not quite as simple as that. In fact, Greeks are a lot more hardworking than you would think. The stereotype is partially true, however:

> The average Greek worker puts in 2,017 hours per year, more than any other European country. This is partly because there are more self-employed people, who tend to work longer hours, and fewer part-time employees to drag down the average.
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> There is also a problem with low productivity, particularly in the public sector, which employs around one-fifth of the population. Asked about the public sector, workers in the private sector mutter darkly about inefficiencies.
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> As the economic crisis deepens and the second Greek election in two months looms on Sunday, CNBC met plenty of Greeks who are belying the stereotype of laziness working without being paid.

Incidentally, according to the OECD, the average Greek worked 2,193 hours per year, second-most in the world. The average American worked 1,778 hours per year.

But those numbers don't paint a full picture either. The average Greek has to work so long because the country has insanely high tax rates, put in place to protect its cushy government jobs market. And that "austerity" you're hearing about? It's a myth also. Greece has kept all of its spending, it's just raised taxes:

> U.S. policy analyst Juan Carlos Hidalgo, an author and commentator associated with the Washington-based Cato Institute, says bluntly: “If we look at [government]spending in real terms, there haven’t been any spending cuts in Greece.” In a series of reports titled “Looking at Austerity,” Mr. Hidalgo came to the same conclusion with Italy, Britain and France. [...]
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> Although controversial, some economists prefer to track public spending as a percentage of gross domestic product – regardless of fluctuations, in troubled times, in the size of a country’s economy. Mr. Hidalgo reports this measure as well.
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> In this case, Greece increased public spending from 47.1 per cent of GDP in 2000 to 53.8 per cent in 2009 – but has since cut spending to 50.3 per cent of GDP (a feat made easy by Greece’s decline in gross domestic product). The number does provide clarity. Greece is now a country precisely divided: half in the public sector; half in the private sector. And its austerity protects the public sector and punishes the private sector.
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> In January, The Economist noted this cruel difference: Of the 470,000 people who have lost their jobs since Greece hit the wall three years ago, “not one of them came from the public sector.” The public sector did take a 13-per-cent pay cut. But the government protected it from layoffs. (In exchange for its most recent bailout, Greece has agreed to cut its public sector work force by 2 per cent: a mere 15,000 people.)
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> Greece has designed its austerity program to protect its bloated public sector – and to pay for this extravagance through higher taxes. Indeed, The Economist reckons that the country’s tax rates are now so onerous that “many people can barely survive.”

Of course, tax rates are high in Greece but that's because there is so much tax evasion. Since so many people are refusing to pay their full amount, instead of cracking down and keeping rates the same, the Greek government continues to raise taxes on those who are willing to pay.

It's all really quite disturbing. But it's the future that America's government employee unions want for the rest of us. A pampered, wealthier class of "public servants" living high off the hog while an overworked and overtaxed