European Societies, 2015
Vol. 17, No. 5, 653–673, http://dx.doi.org/10.1080/14616696.2015.1103887

Routledge
Taylor & Francis Group

# GREECE AFTER THE CRISIS: STILL A SOUTH EUROPEAN WELFARE MODEL?

**Stella Zambarloukou**
Department of Sociology, University of Crete, Greece

**ABSTRACT:** The debt crisis that broke out in Greece in 2009 and the conditions accompanying the bail out loans received, led to a dramatic decrease in social spending and social benefits. At the same time the need to curb spending led to major reform initiatives that transformed key aspects of the welfare state, such as the pension and health systems. The paper tries to understand to what extent the changes introduced since the outbreak of the crisis constitute a radical departure from past institutional arrangements. To this end, it examines how the reforms introduced in key welfare institutions, the austerity measures adopted, alongside changes in the labour market and family arrangements have transformed the welfare state. It concludes that while the crisis has indeed triggered the introduction of radical reforms, it is premature to speak of a complete model change.
**Key words:** welfare models; economic crisis; welfare state; social insurance; Southern Europe; Greece

The Greek welfare state prior to the recent economic crisis exhibited practically all characteristics associated with the south European model. While the system as a whole was 'expensive, wasteful and socially exclusive', successive Greek governments failed to carry out substantial reforms, even though initiatives were periodically taken in this direction (Featherstone 2008). This was the outcome of institutional inertia and path dependence that characterises welfare institutions (Pierson 2001), alongside the veto power exercised by powerful social groups to most reform efforts and the 'unwillingness' of political elites to carry out unpopular reforms. The debt crisis that broke out in 2009 and the subsequent bailout loans received,[1] radically altered the political and economic context within which the Greek government had to operate forcing it to make large cut

1. Greece received two bailout loans in 2010 and 2012 from the IMF, the European Commission and the European Central Bank (referred to as troika), which were accompanied by 'Memoranda of Understanding' that imposed strict austerity measures.

 

backs in social spending and to introduce certain unpopular reforms. The question that we will focus on is whether in fact the conditions created as a result of the crisis opened the way for Greece to break away from its previous path and for a different model of welfare state organisation to emerge.

## 1. The south European welfare model

Ever since Esping Andersen introduced his three-regime typology it has become a reference point for all scholars of comparative welfare models (1990, 1999). At the same time his typology was criticised for taking into account only advanced western states. Scholars of southern Europe were among the first to point this out by arguing that south European countries, namely Italy, Greece, Portugal and Spain, should be treated as a separate model and not as belonging to the conservative regime, as argued by Esping Andersen (Ferrera 1996; Liebfried 1992).

Welfare institutions, the labour market and the family are the three main institutions responsible for delivering social benefits and services. Their main characteristics and the way they interact with each other determine the type of welfare state present. Below, we shall briefly examine how they have been shaped in the case of southern Europe, with particular reference to Greece, which represents a typical example of the above model.

### 1.1. Welfare institutions, labour markets and the family

One of the distinguishing characteristics of southern Europe is the weakness of its state institutions, due to the absence of a rational and impartial Weberian public administration. As a result the state was taken over by political party interests and distributed cash benefits and services in a clientelist fashion in exchange for political support. These practices took somewhat different forms in different south European countries, but were most visible in southern Italy and Greece (Ferrera 1996). In Greece a statist spoils system prevailed whereby transfers and services were exchanged between political parties in power and social groups, such as trade unions and professional organisations (Petmesidou 1991).

As in continental Europe, social entitlements are related to one's occupational position, but the system is much more fragmented and particularistic. In Greece, clientelist ties between political parties and occupational groups and/or trade union organisations shaped pension schemes. This resulted in certain sectors of the labour market securing higher than average cash benefits, with certain funds delivering particularly generous pensions (Ferrera 1996; Petmesidou 1991). The most privileged were occupational groups like doctors, lawyers and engineers, followed by public sector, public utilities and bank employees. At the same time serious gaps existed in the protection and provision of services to the more vulnerable sections of the population while social services remained underdeveloped.

Work related insurance schemes originally also dominated the health care sector, but in the 1970s and 1980s all south European countries established national health systems, which aimed to provide affordable health care to the entire population. Yet the transition to the new system proved hard to attain and remained by and large incomplete. The reform effort was most successful in Italy and Spain and least in Greece (Ferrera 1996; Guillen and Matsaganis 2000). While a National Health System (NHS) was introduced on paper in 1983, what emerged was a system that combined contributory health insurance schemes with aspects of universality that were financed through the central budget. Moreover, the various work related health insurance schemes provided unequal access to health services.

The social insurance system reinforced the divide between insiders and outsiders that characterises labour markets in southern Europe and Greece in particular. As pointed out by Amable 'the southern European or Mediterranean model of capitalism is based on more employment protection and less social protection than the continental European model' (2003:107). Employment protection and social protection might be seen as alternative forms of protection, but the impact on social equity is very different. In the south European model those without regular employment and the unemployed are left with no protection at all and scant social benefits, while those regularly employed are often overprotected and enjoy generous benefits. There are, however, important variations within the latter category of employees, with those working in the public sector being the most protected, while those working in small firms the least. Employees of small firms form a middle category between insiders and outsiders (Matsaganis 2012).

Outsiders include contract, part-time and undeclared workers. Undeclared work is the least protected and forms the most common type of precarious employment in Greece. It is estimated that about 25% of the labour force falls within this category (European Commission 2007). The social insurance system reinforces the segmentation of the labour market, as employers and employees have strong incentives to employ undeclared labour and avoid all obligations that stem from regular employment. The use of undeclared work and tax evasion are very common among the numerous small family firms and in part substitute other forms of flexible employment (e.g. part-time employment), which until recently were not common. In addition, self-employment is well above the EU average and often involves a disguised form of contract employment (Zambarloukou 2007).

The underdevelopment of services, outside health care, has reiterated the central role of the family as the main provider, particularly when it comes to taking care of young children and the elderly. Women act as the primary care providers and female employment despite its substantial growth in recent years remains below other EU countries, with the exception of Portugal (Cousins 2000; Martin 1997; Trifiletti 1999). Even though the younger generation of women are much more likely to take on outside employment, taking care of children and the elderly remains a family business rather than a social responsibility. Grandmothers usually stay at home and take care of young children. In addition during the last 2–3 decades it has become customary to employ unregistered immigrant workers to care for the elderly and young children (Da Roit *et al.* 2013; Leon 2005). Greek families are the least likely to use outside formal care for young children under three, even when compared to other south European countries. In 2008 less than 16% of families used formal care for this age group (Moreno and Marí-Klose 2013).

In contrast to continental Europe, in the south the family involves not just the nuclear family but the extended family as well. Intergenerational cohabitation is much more frequent and involves young adult adolescents living with their parents as well as older parents living with their adult children (Iacovou and Skew 2010). In Greece, small family firms constitute a very important source of employment, while the extended family remains important for accessing clientelist networks, which in turn facilitate access to broader resources and particularly public sector jobs (Allen 2006). Last the family plays a much more important role in delivering housing to newly formed households while social provision for renting a home is low or non-existent. Private ownership of homes in Greece is among the highest in Europe and parents go into great pains to help their children to buy a home, when they first set up a family (Symeonidou 1996).

In Greece, to a greater extent than in other south European countries, the structure of welfare institutions, the culture of familialism and dual labour market conditions have complemented each other and have reinforced the south European model.

## 2. Economic crisis and the welfare state in Greece

In the 1990s the welfare state in southern Europe faced similar problems in terms of funding, as did other European countries. Spain, Italy and to a lesser extent Portugal responded to these challenges by introducing structural reforms that aimed to impute greater rationality in social policy. As a result they were able to contain costs and achieve a more equitable distribution of social benefits. In Greece, however, change proved very hard to come about (Ferrera and Hemerijck 2003; Guillen and Matsaganis 2000; Mari-Klose and Moreno-Fuentes 2013; Petmesidou and Mossialos 2006). The welfare system in Greece was built on a strict insiders-outsiders divide, that enhanced the existing duality of the labour market by excluding those without regular employment from cash benefits and crucial services, such as health care. Trade unions and professional organisations opposed all reforms that threatened acquired pension or health benefits. This along with the lack of political consensus on the type of change needed succeeded in preventing most reform efforts undertaken prior to the recent economic crisis (Featherstone 2005; Davaki and Mossialos 2005). As a result the south European model as we have described it above seems to have persisted to a larger extent in Greece than in the other three south European countries.

While social spending in Greece had increased substantially before the recent crisis and in 2009 was close to the EU average, it was much less successful in redistributing income and combating poverty. In 2008 social transfers contributed only 3% in reducing poverty, much below the EU average of 8.8% (Eurostat 2014). This is due to the fact that social transfers are heavily biased towards pensions and social insurance and other benefits are mostly work related and distributed in a highly unequal manner. Moreover, less than 10% of cash benefits go to low-income families (OECD 2014a).[2] Inefficiencies and corruption have made things worse and benefits were often granted to people that were not eligible. Even though in 2012 the contribution of social transfers in combating poverty and social exclusion increased slightly to 3.7% the actual risk of poverty and social exclusion rose from 20.1% in 2008 to 23.1%, which comes to show that the system of social protection was totally unprepared to deal with the social problems created by the financial crisis (EL.STAT 2014).[3]

The crisis revealed the limitations of the social protection system, as distress reached sections of the population previously considered to be economically secure. The government not only did not take measures to alleviate poverty and hardship but it further reduced social benefits (Venieris 2013). In accordance to the bailout conditions agreed with the troika, the Greek government introduced strict austerity measures and successive cut backs on all expenses, which included salaries, pensions, unemployment benefits and all other social assistance benefits. In addition means testing for the acquisition of non-work related benefits became much stricter (e.g. disability benefits, benefits for families with 3 or more children), social services for

2. Low income families are defined as the 20% of the population with the lowest equivalised disposable income.
3. Matsaganis & Leventi (2014) have estimated that if the 2009 threshold of poverty is applied to 2012 incomes 32% of the population falls below the poverty line.

families were cut down, rent subsidies were abolished and own contributions in health care and pharmaceuticals were increased.

Before turning to the question of whether these reforms lead to a different model of welfare organisation, we shall look at the impact of the crisis and the policy responses to it in more detail.

### 2.1. Protection against unemployment

The criteria by which unemployment compensation is provided excludes large numbers of unemployed: those in irregular employment, new comers in the labour market and the long-term unemployed. Thus even before the crisis a substantial number of people were left without protection. As the crisis progressed unemployment reached unprecedented levels (above 27% in 2013) and long-term unemployment became a particularly serious problem leaving many individuals and families with no protection at all. It suffices to say that in 2013 the long-term unemployed were close to one million or 21% of the labour force (EL.STAT 2014). The above, along with the rise of unemployment among youth (above 50%) and among those in irregular or atypical employment, essentially left the vast majority of unemployed with no protection at all. Indicative of this is that between October 2010 and October 2013 the percentage of unemployed receiving unemployment benefit declined from 26.5% to a mere 9%.[4]

With the onset of the crisis no measures were taken to relieve the unemployed, on the contrary unemployment benefits were reduced and eligibility criteria became stricter. The unemployment benefit was reduced to a mere 360 euros per month for up to a year, following the reduction in the minimum wage by 22% that took place in February 2012.[5] In January 2013 an additional restriction was introduced whereby eligibility for the unemployment benefit could not exceed 450 days, within a four-year period. In January 2014 this was further reduced to 400 days.

On the other hand, in 2014 eligibility criteria for certain categories of unemployed were expanded, but these measures came too late and were far too meager to make a difference. For one the self- employed became eligible for a compensation of up to 200 euros per month for a maximum of nine months if they complied with strict criteria and have paid their insurance coverage. In addition the age criteria for receiving the supplementary long-term unemployment benefit of 200 euros have been expanded from

4. During this period unemployment doubled and exceeded 1.3 million, while those receiving unemployment benefit decreased by 57,855 (EL.STAT 2014; OAED 2013).
5. For those under 25 the minimum wage was reduced by 32%.

ages 45–66 to 20–66.[6] However, these 'improvements' have not led to an increase in those receiving unemployment benefit. On the contrary in April 2014 there were about 90,000 fewer persons receiving unemployment benefit compared to April of the previous year, even though the number of officially registered unemployed was reduced by almost 30,000 (OAED 2013, 2014).

The above is accounted for by the fact that unemployment has increased mostly among those categories not eligible for unemployment benefit: the long-term unemployed and those entering the labour force for the first time. Despite the fact that this left many people without protection efforts to introduce a minimum income policy failed. While in November 2014 a minimum income was introduced for those below the poverty line, on a pilot basis in 13 municipalities, the plan was abandoned because funding it would require cuts in other benefits. Instead, the new Syriza-led government that came in office in January 2015 put forward an emergency plan to help those most in need by providing rent and electricity subsidies as well as food vouchers.[7]

## 2.2. Pension reform

Even before the outbreak of the Greek debt crisis in 2009 the pension system was considered unsustainable. In 2009 the OECD had estimated that pension cost would rise from 13% to 24% of GDP in 2050 (OECD 2013). However, most previous efforts to reform the pension system were bitterly resisted by unions and professional associations and as a result attempts to contain pension costs were abandoned.[8] It should thus come as no surprise that one of the first measures taken by the government in its effort to cut down spending was a reduction in pensions. Successive cuts were made between 2010–2013, which for certain categories of pensioners resulted in their income falling more than 30% (Koutsogeorgopoulou *et al.* 2014). Cuts were carried out in a progressive manner so that higher pensions were affected most.

While these cuts contributed towards the short-term sustainability of the pension system, long-term sustainability remained a problem. Moreover, while inequalities in treatment, between pensioners, were reduced they

6. This benefit is given on the basis of strict income criteria for an additional year after the unemployment benefit has expired. The total number of recipients cannot exceed 14,500 (Matsaganis 2013).
7. Elections were held on 25 January 2015 which resulted in the formation of a coalition government led by left wing Syriza party.
8. The last major reform was attempted in 2001 but was abandoned due to strong opposition.

were far from removed. Prior to the recent reforms more than 130 different pension schemes existed that granted different entitlements in terms of replacement rates and age of retirement. In theory pension fund contributions were equally divided between employers, employees and the state, but in practice certain pension funds benefited more through various public subsidies (so called social funds). Even if the latter is not taken into account the system led to the distribution of public funds towards the more privileged given that the larger the pension the larger the state subsidy (Matsaganis 2013). An exception to the above rule is the minimum pension, which is granted on a non-contributory basis for those with at least 15 years of social insurance. A very small means tested pension is also given to the uninsured.

Following Greece's debt crisis, the urgent need to contain costs in combination with the deteriorating finances of pension funds, and the pressure placed by the troika speeded up reform efforts. However, reforming the pension system proved once again a highly contested and politically difficult task, which all governments tried to postpone. The role of the creditors was decisive in this area. As the relevant literature shows, international funding bodies and the EU had promoted the containment of state expenditure in pension provision, even before the crisis (Güleç 2014). Following the crisis pressure by Greece's creditors to contain costs and reform its pension system mounted, which resulted in the passage of a number of laws in this direction. However, this does not imply that they were in a position to impose a complete model shift. While on the most part Greece's creditors supported reforms that were in a liberal direction, the measures adopted were constrained by prior institutional arrangements and political priorities and concerns. As a result the public nature of the pension system was retained and many of the inequalities inherent in the previous system were not immediately eradicated, but a much more gradual approach was adopted in an effort to appease those social groups that had most to lose.

In July 2010 law 3863 was introduced, which constituted the first major attempt at reforming the structure of the pension system. The initial plan was to integrate the majority of existing pension funds in three major funds: one for salaried and wage employees, one for the self-employed and one for farmers. However, opposition from professional associations and occupational groups resulted in some of the more privileged schemes being exempt from the 2010 reforms.[9] In addition benefits were to be streamlined over a span of several years and as a result even within the unified schemes different categories of employees continued to enjoy

9. The pension schemes of Bank of Greece employees, press employees, doctors, lawyers and engineers were exempt.

different benefits. As a result inequalities in benefits persist, but are less pronounced, while institutional unification remains incomplete.

Law 3863 also introduced a new way of calculating pensions, which was to be gradually implemented starting in 2015 and lead to a two-tier system consisting of: (1) a quasi-universal pension, which based on 2010 prices will amount to 360 euros and will be funded from the central budget and (2) a contributory pension which will be calculated taking into account the entire working life of an individual and years in employment. A basic pension will also be provided to the non-insured, but only if they meet the age, income and years of residence criteria.

The above law was heavily criticised because it will lead to lower pensions and higher retirement age. The impact will be greater for those categories that received average or above pensions and/or benefited from early retirement. On the other hand, the architecture of the new system appears to be more redistributive and socially just given that the part of the pension funded by the state will be the same for all. It represents a radical departure from the existing system given that it combines a universal model with a work related insurance scheme, while similar criteria apply to all occupational groups. According to Matsaganis (2012) the structure of the new pension system can 'almost be described as Scandinavian' (p. 11). However, the basic pension provided will be very low and as a result those with unstable work trajectories will be unable to sustain above poverty living standards. Thus it falls short from providing a descent pension for all.

In 2012 additional measures were enacted that aimed at reducing further the long-term cost of pensions. In February 2012 law 4052 was passed, which merged the majority of auxiliary pension schemes into a single scheme (ETEA) and sought to make entitlements reflect more directly contributions. The aim of the above legislation was for auxiliary pensions to cease receiving state subsidies in 2015, a measure that would inevitably lead to further reductions in auxiliary pensions. Last, in November 2012 a law was passed that gradually raised the age of retirement from 65 to 67 and eliminated early retirement. Implementing the above reforms proved no easy matter and all governments sought to postpone their enforcement. Meanwhile, pension cost as a percentage of GDP instead of falling continued to rise and in 2014 reached 16.2% of GDP (European Commission 2015). While the latter is in part due to the fall in GDP, the increase in the number of pensioners seems to be a more important factor as more people took advantage of early retirement options.

Pension reform, emerged as a major issue of contention between the Syriza-led government and Greece's creditors. Disagreement focused mainly on the implementation of the new way of calculating pensions in accordance to law 3863, the reduction of auxiliary pensions and the elimination of early retirement. However, the breakup of talks for the completion of the second bailout programme, in June 2015 and the imminent danger of Greece going bankrupt forced the government to concede to the creditors demands. At the time of writing, the government has agreed to carry out the above reforms in order to allow for negotiations to start for a third bailout loan. Moreover, it has agreed on additional measures, such as the further integration of pension funds and the gradual reduction of EKAS, a supplementary benefit for low-income pensioners. Current developments reiterate the fact that lack of consensus over the type of reforms needed and reluctance of political elites to infringe on acquired rights have postponed needed reforms and pushed the pension system to the edge, leading to the adoption of additional cost cutting measures.

### 2.3. Health care reform

Health care is the second welfare domain that has been targeted for reform. The National Health System was expensive, while at the same time it failed to provide comprehensive care for all. Private funding of health care was among the highest in the OECD countries (30% of total spending), and consisted mostly of out of pocket payments (OECD 2013a). The NHS provided access to emergency hospital care and to rural health centres either at a low cost or for free, but those without work related health insurance had to pay for all other services and medication.

The NHS had to meet at least two major challenges following the debt crisis of 2009. First, the need to curb costs as Greece had relatively high expenditures, which in certain domains (e.g. pharmaceuticals) exceeded the OECD average (OECD 2013b). Second, the fact that many people were left without health insurance, either because they became unemployed or because they were self-employed but could no longer afford to pay for health insurance. As a result it is estimated that more than two million people were left without health insurance benefits (Economou *et al.* 2014; Matsaganis 2013). In addition a growing number of people could no longer afford private treatment or informal payments, which had always constituted an important part of health spending. The percentage of people reporting unmet medical needs for financial reasons rose from around 4% of the population in 2008 to over 6% in 2011 and 2012. For those in the lowest income quintiles this proportion reached 11% in 2012 (OECD 2014b).

Health care was targeted for reform several times prior to the crisis, but vested interests had undermined most efforts. As a result costs escalated during the years before the crisis, without a comparative improvement in services. In 2009 health expenditure amounted to 9.9% of GDP when the EU average was 8.92% (Economou *et al.* 2014: 8). While reforming the health system was a priority imposed by the troika, some of the measures enacted had been proposed by expert committees appointed by previous governments, but failed to be implemented (Economou *et al.* 2014).

The 'Memoranda of Understanding', between Greece and its international creditors centred on measures that would reduce health care cost. This was achieved by improving efficiency, passing part of the cost on patients, denying access to certain medical examinations or medicines and reducing hospital beds and staff. In the pharmaceuticals sector spending was exceedingly high and the government managed to reduce it by about 10% in 2010 and in 2011, mainly through a different pricing policy, the greater use of generics, the stricter monitoring of prescriptions and the rise in patients contribution. At the same time overall reduction in health expenditures between 2009 and 2011 amounted to 11.1% on average per year. Cuts in public funding, deterioration of services in combination with the rise in patients contribution in pharmaceuticals and medical examinations, resulted in private spending rising as a percentage of overall expenditures from 29% in 2009 to 31% of total spending in 2011 (OECD 2013a).

The NHS in Greece was never truly universal, since access to health care was related to work insurance and the uninsured were denied free access to most services and pharmaceuticals. In addition those insured enjoyed very unequal coverage and benefits. The reforms introduced by the government aimed primarily at reducing public health spending and to a lesser extent at dealing with the issue of unequal access to health services. In February 2011 law 3918 was passed in parliament that separated pension schemes from health insurance and joined the four largest health insurance schemes, covering 90% of the population, into a single health provider (EOPYY). EOPYY began operation in January 2012. Organisational unification aimed at rationalising health provision services and streamlining benefits for those insured. This led to the reduction of existing benefits, as certain expensive medical examinations were no longer covered and co-payments were demanded for many services and pharmaceuticals, thus passing part of the cost to patients.

In February 2014, a new law was voted in parliament for the creation of the National Primary Health Care Network (PEDY). As a result, all primary health care facilities previously under EOPPY and rural and urban health centres that were part of the NHS were organisationally unified. EOPPY was retained only as a buyer of medical services and products. All doctors previously working for EOPPY primary health centres, were given the option to join PEDY as long as they did not retain private practice. Even though this new structure ensures a more rational and efficient way of organising primary health provision it faced opposition from the medical staff. Many doctors chose not to join PEDY due to the fact that they would have to give up their private practice, while at the same time their salaries as public sector doctors were substantially reduced. The latter has led to serious gaps in medical practitioners, a problem likely to persist due to the policy of restricted hiring in the public sector.

In principle, the creation of PEDY can be seen as complementing and expanding the NHS, as it facilitates access to the outpatient clinics and several medical and laboratory examinations to all patients irrespective of whether they are insured. While previous inequalities in the provision of public health services are reduced, lack of funding minimises the potential benefits of this reform. One of the most serious challenges facing the health care system today is related to the way it is being funded. EOPYY is expected to cover an increasing part of health expenditures at a time when its revenues are severely hampered by shrinking contributions due to high unemployment. As a result debts towards hospitals and care centres are mounting. At the same time public funding has been reduced by a third, during the years of the crisis, and this trend will continue, given that based on bailout conditions, public funding to health care is not to exceed 6% of total public expenditure (Petmesidou *et al.* 2014).

On the whole, problems related to poor organisation, corruption and inadequate service provision persist. In fact such problems are accentuated due to reduced public funding, shortages in doctors and other medical staff, the unequal geographical dispersion of hospitals and primary health centres and the stricter eligibility criteria applied for pharmaceuticals and medical examinations. It follows that, as in the past, those that can afford it will prefer to either make informal payments or turn to private practice rather than endure long waiting periods or poor care facilities. However, as incomes dwindle fewer people can afford out of pocket payments, hindering access to quality health care and enhancing inequalities.

## 3. Still a south European welfare model?

The economic crisis, near bankruptcy and the pressure placed by international creditors has led to a radical reduction in welfare spending. In addition certain structural reforms were initiated in key areas that aimed at rationalising expenses and streamlining benefits across social and occupational categories. However, the pace of implementing these reforms has been slow and little effort was made to help those hit hardest by the crisis. Public social spending continues to be directed mostly to pensions (56%) and health care (26%) while social service provision remains underdeveloped. Indicative of this is that only 5% of social spending is directed to non-health related services (OECD 2014a). In addition most benefits are work related. Unemployment benefits remain meager and strictly connected to one's previous employment status. Last, inefficiencies continue to pause a serious problem while unequal distribution of benefits persist.

While the above points towards the sustainment of a south European model of welfare it would be wrong to assume that nothing has changed. Table 1 summarises the developments that have taken place in welfare organisation. For one, cost cutting has resulted in a meaner welfare state and stricter means testing for most benefits. In addition this has led to modest pensions and basic health services for most. The above point towards a residual welfare state, which is characteristic of liberal welfare. However, not all changes are along this path, while much remains the same. Change is most visible in those areas that have traditionally absorbed most welfare funding. In other areas, that tended to be underdeveloped in the first place, change has been less visible. While legislation targeting the pension system was the most extensive, it has met the greatest opposition and faced many delays. The reforms introduced aimed at unifying pension funds in three schemes and streamlining the benefits for those insured. This forms a major step away from the clientelist logic that was responsible for the development of a highly fragmented insurance system but more remains to be done in this direction. In addition the introduction of a two-tier system, which combines a basic and a contribution-based pension, constitutes a step away from the work related pension system that is characteristic of the south European model. However, the full implementation of this system will take several years, as it will gradually affect those retiring after July 2015. As a result the pension system today

**TABLE 1. Main developments in welfare organisation, 2009–2015**

| | *Greater universality* | *Integration of funds* | *Means testing* | *Reduction in benefits* | *Increase in own contribution* |
|---|---|---|---|---|---|
| Pensions system | | ++ | | ++ | |
| Public health system | + | ++ | | + | + |
| Unemployment benefit* | | | + | ++ | |
| Non-work related benefits | | | + | ++ | |

*Means testing applies to the (reduced) unemployment benefit granted for a second year.
++ Significant change.
+ Not very significant change.

still retains most characteristics of the south European model, but this will change once the reforms initiated are fully implemented.

The other area that has undergone significant change is the health care system. Steps were made towards greater universality as the uninsured were given greater access to health services, while benefits for the insured were streamlined. However, as these changes were accompanied by deep cost cutting measures many gaps in health provision became evident. Even though the reforms have somewhat improved access to primary health care for the uninsured, those insured face lower quality of care and poorer coverage than before, own contribution for pharmaceuticals and other medical examinations has risen, while lack of funding has proliferated problems associated with long waiting periods. As a result out of pocket payments continue to play an important role. On the whole, the health care system has not departed from the south European model. In fact the creation of a public primary health care network brings Greece closer to the other south European countries that had during the last two decades made greater progress in implementing a national health care system. However, all other problems with the health system remain: inefficient organisation, poor quality of care, inadequate public funding and high private contribution.

As noted above, one of the key features of the south European model is the insider–outsider divide, which characterises the labour market and welfare institutions in Greece. While, the reforms that took place in the pension system and labour legislation resulted in less protection and fewer benefits for those in regular employment, outsiders continue to enjoy very little protection. This is evident in the case of the unemployed, as no adjustments were made to support the long-term unemployed or first time job seekers. At the same time, many employees that previously enjoyed relative security found themselves in a precarious situation.

Reforms targeting industrial relations arrangements, following the insistence of the troika and in particular the IMF, resulted in less protection for those employed in the private sector. During the period 2010–2013 several laws were passed in parliament that sought to: encourage flexible forms of employment, facilitate the firing of employees and enhance flexibility in wage setting mechanisms, mostly through the decentralisation of collective bargaining institutions (Kouzis 2014). Last, the troika also insisted that a certain number of public employees be made redundant, which in principle meant the abolition of life tenure enjoyed by public sector employees. However, the latter faced strong opposition and was only partially implemented. On the whole it could be said that while protection for 'outsiders' has not improved, protection for 'insiders' has deteriorated, but not to the same extent for all. This constitutes a partial step away from the model of strong labour protection and weak social protection that characterises south European capitalism and brings Greece closer to liberal capitalism.

A last issue that needs to be addressed is whether familialism remains a central feature of the welfare state. As noted above, the family plays a central role in providing care as well as in sheltering its members from poverty and facilitating access to resources. In many ways the crisis has rendered the family even more important than in the past, for individuals to be able to survive or have access to the services they need, given the shrinking of private resources and the cut backs in public benefits and services. At the same time, however, the capacity of the family to undertake its caretaker role has been undermined (Papadopoulos and Roumpakis 2013). Prior to the crisis the family could support its unemployed adult members, particularly because unemployment was primarily concentrated among the young and (to a lesser extent) women. In contrast unemployment for men aged 40–59 before the crisis remained low (2.8% in 2008). However, as unemployment soared, middle-aged men were not left unaffected and in 2013 unemployment among this age group reached 18% (Eurostat 2014).[10] The rise in middle age male unemployment puts into question the traditional male breadwinner model and it's no longer uncommon for women to be the sole wage earners. On the other hand the tremendous rise in youth unemployment (for the age group 15–24 unemployment reached 58.3% in 2013) means that families are increasingly expected to support their children into adulthood at a time when they are least able to do so. This is evident by the fact that the percentage of youth aged 18–34 living with their parents has reached 63% (Krause-Jackson and Salvano 2015). While this can be interpreted as an indication of the strengthening of traditional family ties, the fact that many young people postpone having a family of their own, could signal a decline in traditional family patterns in the long run.

The familistic model was questioned even before the crisis, as more women entered the labour force and thus could no longer fulfill the role of full time caretakers. However, private solutions prevailed for the care of small children and the elderly. This meant that either extended family members stepped in or irregular, mostly immigrant labour, was employed for the task. However, as middle class income is being compressed, the latter becomes less of an option for many families. At the same time grandmothers are increasingly more likely to be in the labour force and thus not available to take care of grandchildren. A tendency likely to grow further as women stay longer in the labour force.[11] The problem with elderly care is further exasperated by the fact that pensions have been reduced, making it increasingly more difficult to fund informal care. Thus the need for the

10. Unemployment for women of the age group 40–59 reached 24.1% in 2013 (Eurostat 2014).

11. Until recently it was common for women to retire at the age of 50 or 55, but following the abolition of early retirement this will not be possible.

provision of social services will rise, but is unlikely that it will be met in the near future. In fact the present trend is in the opposite direction as even the meager public facilities that existed for the elderly and very young children are being cut back (Petmesidou 2013). Given the above the family will continue, even if unwillingly, to be the primary institution delivering care.

Last, developments in the housing sector also seem to undermine the role of the traditional family. As noted above, home ownership and property accumulation in general are important assets that are passed on from one generation to the next, and form part of a pool of resources that parents use to support their grown up children. But today for many families home ownership is becoming a burden either because they are unable to pay back their loans or because the rise in property taxes places an excess stress on their finances. Thus, what once seemed as a family asset is gradually turning into a burden. In addition, in 2012, the government abolished tax reductions for first time homebuyers, making home ownership more difficult and less attractive than in the past. Given the above it is likely that family strategies towards home ownership and property accumulation will change and will seize to have such an integral role in intergenerational support. This could in turn contribute towards individual strategies assuming priority. It remains, however, to be seen if these changes are mere symptoms of the crisis and will dissipate once economic recovery occurs or they signify a more permanent change.

## 4. Evaluation and conclusions

In contrast to other south European countries, where gradual adjustments took place during the previous decades, in Greece resistance to reforms prevented such a development.

The near bankruptcy of the Greek state in 2010 acted as an exogenous shock that facilitated the introduction of a number of reforms in pension provision, the health system and labour relations that had previously faced very strong resistance from affected groups and the political system.

Despite, however, the urgency of the situation resistance to change remained strong and no consensus was formed on the type of reforms needed. On the contrary a highly divisive political culture persisted, which slowed down the pace and extent of reform. Pension reform proved a particularly sticky issue and some of the reforms legislated are still to be implemented.

While the creditors played a crucial role in bringing about change, they were not exclusively responsible for the content of the reforms. As long as the fiscal targets were met political elites had some freedom in designing the content of measures. Thus political priorities and previous institutional arrangements played an important role both in the measures adopted and the pace of their implementation. When the measures demanded by the creditors involved a radical departure from previous institutional arrangements their enforcement proved particularly difficult and it was either delayed or abandoned. On the whole this has meant that more emphasis was placed on protecting insiders rather than outsiders. This has resulted in those being hit hardest by the crisis being left on the most part unprotected. The above notwithstanding, the creditors role in setting the boundaries within which governments can act is indisputable and is most clearly revealed by the unsuccessful attempt of the newly elected government to reverse some of the changes that have taken place during the past five years.

The lack of consensus over the desired reforms and of a vision regarding the future of the welfare state resulted in most measures adopted being dictated by the need to reduce cost, rather than other considerations such as social equity or income redistribution. This has given rise to a leaner welfare state, with more modest pensions and strict means testing for other benefits and non-health related services. While these developments point towards a residual welfare state, which is characteristic of liberal welfare regimes, it would be wrong to assume that the welfare state as a whole has moved towards a liberal direction. In the case of health care, for example, public service provision has become more universal than before, even if lack of funding undermines the effectiveness of the system.

The evidence presented above suggests that the welfare state in Greece is undergoing a process of hybridisation as features associated with other regimes, mostly of a liberal orientation, are incorporated in the existing model. The latter trend is in par with developments that took place in other European countries during the recent past and it is likely that more change in this direction will follow. However, given the reluctance of Greek governments to introduce reforms and the volatility of the Greek political system it is hard to make predictions. For now, it is too soon to proclaim the end of the southern European model in Greece as core features of this model are still present: a strong bias towards pension provision, work related social insurance and unemployment benefits, the underdevelopment of non-health related social services, strong reliance on the family and the absence of a minimum social safety net for those outside regular employment.

## Disclosure statement

No potential conflict of interest was reported by the author.

## ORCID

*Stella Zambarloukou* http://orcid.org/0000-0002-8074-6173

## References

Allen, J. (2006) 'Welfare regimes, welfare systems and housing in Southern Europe', *International Journal of Housing Policy* 6(3): 251–277.

Amable, B. (2003) *The Diversity of Modern Capitalism*, Oxford: Oxford University press.

Cousins, C. (2000) 'Women and employment in Southern Europe: the implications of recent policy and labour market directions', *South European Society and Politics* 5(1): 97–122.

Da Roit, B., González Ferrer, A. and Javier Moreno-Fuentes, F. (2013) 'The Southern European migrant-based care model', *European Societies*, 15(4): 577–596.

Davaki, K. and Mossialos, E. (2005) 'Plus ça change: health sector reforms in Greece', *Journal of Health Policy, Politics and Law*, 30(1–2): 143–167.

Economou C., Kailtelidou, D., Kentikelenis, A., Sissouras, A. and Maresso, A. (2014) 'The impact of the financial crisis on the health system and health in Greece', *European Observatory on Health Systems and Policies*, World Health Organization.

EL.STAT (2014) *Living Conditions in Greece*, March 2014, Athens: Hellenic Statistical Authority.

Esping Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*, Princeton, NJ: Princeton University Press.

Esping Andersen, G. (1999) *Social Foundations of Post-Industrial Economies*, Oxford: Oxford University Press.

European Commission (2007) *Undeclared Work in the European Union*, European Employment Observatory Review: Spring 2007.

European Commission (2015) *The 2015 Aging Report,* Directorate of Economic and Social Affairs, EU.

Eurostat (2014) 'People at risk of poverty and social exclusion (Europe 2020)', *Eurostat Database*, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database, accessed, 26 August 2014.

Featherstone, K. (2005) '"Soft" coordination meets "hard" politics: the European Union and pension reform in Greece', *Journal of European Public Policy* 12(4): 733–750.

Featherstone, K. (2008) '"Varieties of Capitalism" and the Greek case: explaining the constraints on domestic reform?', Hellenic Observatory, LSE, GreeSE paper no11.

Ferrera, M. (1996) 'The "Southern Model" of welfare in social Europe', *Journal of European Social Policy* 6(1): 17–37.

Ferrera, M. and Hemerijck, A. (2003) 'Recalibrating European welfare regimes', in J. Zeidlin and D. Trubeck (eds), *Governing Work and Welfare in a New Economy: European and American Experiments*, Oxford: Oxford University Press, pp. 88–128.

Guillen, M. A. and Matsaganis, M. (2000) 'Testing the "social dumbing" hypothesis in Southern Europe: Welfare policies in Greece and Spain during the last 20 years', *Journal of European Social Policy* 10(2): 120–145.

Güleç, A. (2014) 'The politics of pension reform in Greece and Turkey: International institutions as external determinants of adjustment', *Global Social Policy* 14(1): 72–90.

Iacovou & Skew (2010) *Household Structure in the EU*, Eurostat, Methodologies and Working Papers, European Commission.

Koutsogeorgopoulou, V. et al. (2014) 'Fairly sharing the social impact of the crisis in Greece', OECD Economics Department Working Papers, no. 1106, OECD Publishing. http://dx.doi.org/10.1787/5jzb6vwk338x-en

Kouzis, Y. (2014) 'Greece in the whirl of the crisis and the memoranda', in S. Zambarloukou and M. Kousis (ed), *Social Aspects of the Crisis in Greece*, Athens: Pedio, pp. 231–246 (in Greek).

Krause- Jackson, F. and Salvano, G. (2015) 'Its so bad in Greece people are moving back in with their parents', *Bloomberg*, 17 June 2015, http://www.bloomberg.com/news/articles/2015-06-16/it-s-so-bad-in-greece-people-are-moving-back-in-with-their-parents#media-1

León, M. (2005) 'Welfare state arrangements and the social organisation of labour: Childcare arrangements and the work/family balance dilemma', *Sociological Review* 53(2): 204–18.

Liebfried, S. (1992) 'Towards a European welfare state? On integrating poverty regimes into the European Community', in Z. Ferge and J. Kolberg (eds), *Social Policy in a Changing Europe*, Boulder, CO: Westview Press, pp. 245–279.

Mari-Klose, P. and Moreno-Fuentes, F. J. (2013) 'The Southern European Welfare model in the post-industrial order', *European Societies* 15(4): 475–492.

Martin, C. (1997) 'Social welfare and the family in Southern Europe', in M. Rhodes (ed), *Southern European Welfare States: Between Crisis and Reform*, London: Franck Cass, pp. 23–41.

Matsaganis, M. (2012) 'Social Policy in hard times: the case of Greece', *Critical Social Policy* 32(3): 406–421.

Matsaganis, M. (2013) 'The Greek crisis: social impact and social policy', Friedrich Ebert Stiftung, Berlin.

Matsaganis, M. and Ch. Leventi (2014) 'Poverty and inequality during the great recession in Greece', *Political Studies Review* 12: 209–223.

Moreno, L. and P. Marí-Klose (2013) 'Youth, family change and welfare arrangements', *European Societies* 15(4): 493–513.

OAED (2010, 2013, 2014) 'Short report on the unemployed and those receiving unemployment benefit' (January 2014 & October 2010, 2013), www.oaed.gr

OECD (2013) *Pensions at a Glance 2013: OECD and G20 Indicators*, Paris: OECD. http://www.oecd.org/greece/OECD-PensionsAtAGlance-2013-Highlights-Greece.pdf

OECD (2013a) *Health at a Glance 2013: OECD Indicators*, Paris: OECD, http://dx.doi.org/10.1787/health_glance-2013-en, accessed 14 January 2014.

OECD (2013b) *OECD Health Statistics 2013,* http:/24/stats.oecd.org/Index.aspx?DataSetCode=SHA, accessed 2 February 2014.

OECD (2014a) 'Social expenditure update, directorate for employment, labour and social affairs', http://www.oecd.org/els/soc/OECD2014-Social-Expenditure-Update-Nov2014-8pages.pdf

OECD (2014b) *Health at a Glance: Europe 2014*, Paris: OECD.

Papadopoulos, Th. and A. Roumpakis (2013) 'Familistic welfare capitalism in crisis: social reproduction and anti-social policy in Greece', *Journal of International and Comparative Social Policy* 29(3): 204–224.

Petmesidou, M. (1991) 'Statism social policy and the middle classes in Greece', *Journal of European Social Policy* 1(1): 31–48.

Petmesidou, M. (2013) 'Is social protection in Greece at a crossroads?', *European Societies* 15(4): 597–616.

Petmesidou, M. and E. Mossialos (2006) 'Introduction: addressing social protection and policy in Greece', in M. Petmesidou and E. Mossialos (ed), *Social Policy Developments in Greece*, Burlington: Ashgate, pp. 1–21.

Petmesidou, M., Emmanuele Pavolini and Ana M. Guillén (2014) 'South European healthcare systems under harsh austerity: a progress–regression mix?', *South European Society and Politics* 19(3): 331–352.

Pierson, P. (2001) 'Investigating the welfare state at century's end', in P. Pierson (ed), *The New Politics of the Welfare State*, Oxford: Oxford University Press, pp. 1–14.

Symeonidou, H. (1996) 'Social protection in contemporary Greece', *South European Society and Politics* (special issue on Southern European Welfare States), M. Rhodes (ed.), 1(3): 67–86.

Trifiletti, R. (1999) 'Southern European welfare regimes and the worsening position of women', *Journal of European Social Policy* 9(1): 49–64.

Venieris, D. (2013) 'Crisis social policy and social justice: the case of Greece', Hellenic Observatory, LSE, GreeSE paper no 69.

Zambarloukou, S. (2007) 'Is there a South European pattern of post-industrial employment?', *South European Society and Politics* 12(4): 425–442.

**Stella Zambarloukou** teaches at the department of Sociology, University of Crete since 2001. Her research interests include comparative welfare states, labour relations, employment and Southern Europe. She has published two books and several Journal articles.

**Address for correspondence**: Stella Zambarloukou, Department of Sociology, University of Crete, Gallos Campus, 74100 Rtheymno, Crete, Greece. Email: zamba@uoc.gr