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THE SOUTH EUROPEAN WELFARE MODEL: THE GREEK WELFARE STATE, IN SEARCH OF AN IDENTITY

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Summary

The aim of this article is not to describe in detail the social protection system in Greece or in the other southern European countries. Its main ambition is to offer a general overview of its formation and an explanation for its particularities. The basic thesis is that essentially the Greek Welfare State belongs to the continental model. Its consolidation is very recent, because the post-civil war ‘dual society’ (1946–74) did not allow the formation of a viable social consensus, a necessary prerequisite for the welfare state. There are, consequently, important distortions in the development of the social security system. Although many of these institutional particularities are common in the Mediterranean South, they are not qualitatively sufficient so as to create a new institutional paradigm or a ‘South-European’ Welfare model. In the first section an attempt is made to clarify the problem of the existence of a ‘Latin-rim’ welfare model and the classification of the Greek social protection system within it, in order subsequently to examine its specific characteristics in relation to the turbulent history of this country. The conclusion of the author is that although there is a clear trend in the direction of convergence of the Greek welfare system with the median European standards, Greece still has a considerable lag to overcome.

Résumé

Le modèle social de l’Europe du Sud: l’Etat-providence

Is there a ‘Latin-rim’ welfare model?

The answer to this first question depends largely on the criteria of the analysis and the
classification that these imply. The simplest imaginable typology, for instance, would be the traditional opposition between ‘Beveridgean’ systems, based on the idea of universal entitlement and ‘Bischmarkian’ ones, based on the work performance and the workers’ contributions. However, this distinction (in which Greece should be definitely Bischmarkian) is not instrumental and functional, both because of its generality and because of the general trend of convergence between these two initially diametrical poles. The European Commission (European Commission 1994a) uses another descriptive and analytical division into four groups, the basic criterion being the financing of the social protection system by the insurance principle or by taxation. In this taxonomy Greece, together with Spain and Portugal, form a model of their own, not because they have institutional particularities but because their welfare structures are still in their infancy.

However, the categorization that seems to embrace multiple criteria in the most comprehensive way, is the influential division of Esping-Andersen (1990) in three archetypes, the ‘three worlds of welfare capitalism’:

1. The Scandinavian or Social-Democratic model, which is a ‘public service state’, essentially financed by taxes, characterized by the principle of universality and the public provisions of services rather than the distribution of cash incomes.

2. The Continental ‘state-corporate’ model, which is ‘a distribution state’, mainly financed by the contributions by employers and employees in work-based insurance schemes and characterized by social transfers in cash, related to the earnings. The entitlement to the social rights is founded on the social status and the work performance.

3. The liberal, Anglo-Saxon model, which is tax financed, with its main features being not only the universality, but also the residual means-tested services and the relatively low flat-rate benefits.

Within the framework of this classification, and from an institutional point of view (i.e. regarding the scope, the financing and the underlying organizational features), it is difficult to see any fundamental, structural difference between Greece (or the other southern European countries, to which we are going to refer as measure of comparison) and the standards of the Continental model. As Figures 1 and 2 illustrate, the scope of protection of the Greek social protection system is not universalistic but categorical and work-focused. The bulk of income transfers is traditionally absorbed by old age pensions – 56.9 per cent of total benefits in 1991 (European Commission 1993) in comparison to 62.7 per cent in 1962 (Petmesidou 1991: 34) – and, to a lesser degree, invalidity pensions. The pensions, in principle, are calculated on the base of the previous salary and the paid contributions. However, because of the fragmentation of the social insurance system and the different regulations reflecting, as we are going to see, clientelistic policies, there is considerable divergence between different categories of the retired population. Unlike all other EU countries, even family allowances (except for a special allowance for the fourth child) are wage related. They are equivalent to 1 per cent of monthly salary, and in 1991 constituted only 1.4 per cent of total social benefits.

In addition (and contrary to the Continental ‘core’ countries) the Greek welfare system lacks any kind of universal minimum income support scheme (with the exception of a very low universal non-contributory public assistance pension for the elderly over 65). Figure 1 shows that, for non-contributory benefits, Greece offers the least protection among the EU countries. Unemployment benefits are also dependent on previous employment, up to a maximum of 70 per cent of the last salary and last only for one year.

As Figures 2 and 3 illustrate, the social expenditure structure of the Greek system resembles that of Italy. Actually, Italy is the only OECD country that has a higher percentage of social expenditure devoted to old-age
Figure 1 Pensions and minimum income support levels
Source: European Commission (1994a)

Regarding finance, contribution-based social insurance schemes predominate, parallel to the other countries of the Continental model (Figure 4). Although the idea of an equal distribution of expenditure between the state, employers and employees has been discussed recently in the framework of a social dialogue prior to the adoption of the reform of the insurance legislation (1990 and 1992), the traditional pattern has remained almost intact. Only the National Health Service and the family allowances are financed by the state, although, in practice, the public purse is covering deficits of the insurance units.

After this first 'panoramic' view of the Greek welfare system, it is easy to conclude that it fits perfectly in the organizational matrix of the continental model. It shares all the basic features of the latter (see Esping Andersen 1994: 16), almost perfectly social insurance highly occupationally segmented and disproportionately biased towards pensions, underdeveloped social services, entitlements related to the employment and contribution record, emphasis on the role of the family as the core unit of social care.

However, it is also self-evident that its overall effectiveness is minimal and its scope of protection far less comprehensive than in the
other, more socially advanced EU states, failing often to guarantee income maintenance. In addition, as Figure 5 illustrates, it forms in the European Union, together with Spain, Portugal and Ireland, a distinct group of 'laggards' with regard to social spending, despite the extraordinary increase of social expenditure in the 1980s (see Figures 8-9 below). For this reason, some scholars (Leibfried 1993a; Abrahamson 1992; Bislev and Hansen 1991; Ervik and Kuhnle 1992) add to the Esping-Andersen classification a fourth, rudimentary southern European or 'Latin Rim' model, in which the welfare state is a 'semi-institutionalized premise'.

However, I do not believe that this undeniable lag is due to any specific institutional and organizational feature — as we have briefly seen, none exists — although some authors have located this feature in Catholicism, inventing the 'Catholic welfare state'. I do not think that this position holds, not only for the self-evident fact that Greece is not a Catholic country and the Church does not play a significant role in the welfare service (for the differences between the Catholic and the Greek Orthodox Church, especially in the field of social policy, see Therborn 1994), but also for the following reasons. First, the influence of the Catholic church is not exclusive in this area, but it is also a significant feature of the Continental model itself (cf. Esping-Andersen 1990: 39; also Wilensky 1982). Even the notorious principle of subsidiarity is shared by core-countries of the European Union like Germany. Secondly, as is shown in Figure 6, the cultural and ethical influence of the church is of equal, if not of greater importance in many other European countries. Finally, the unquestionable influence of Catholicism has always been accompanied by an important movement towards the secularization of social policies, as shown, for example, by the laws of 1836 in Spain (Estivill 1992; Morena and Sarasa 1991) and of 1890 in Italy (Ascoli 1992) which transferred responsibility for the supply of welfare service from the Church to the local authorities.

![Figure 2: Social expenditure by category (as a percentage of GDP) 1991](source: European Commission (1993), OECD (1994a))
I believe the lag simply reflects the delay in the construction of the welfare state, and more generally, the relative economic underdevelopment of the Mediterranean South (the correlation of insufficient social expenditure and low GDP is clearly illustrated in Figure 5). Spain, Greece and Portugal all have an important agricultural sector (25 per cent of the active population in Greece, 17 per cent in Spain; see Lancaster and Giles 1989) and similar patterns of familialism and strong kinship networks.

Yet, owing to economic development, traditional familialism is in crisis everywhere and there is a clear trend towards the ‘nuclear’ family, although they still have the biggest average household in the EU, that is 3.3 for Spain, 3.1 for Portugal and 3 for Greece (European Commission 1995), the respective figures some years ago were considerably higher: 4 for Portugal (1975) and 3.8 for Spain (1970) and Greece (1965). Moreover, the rise in female employment (see note 1) imposes a new, two-earner, double-career family model, replacing inescapably the old one based on the male breadwinner. The fast decline of agriculture (of which the share in GDP is already below 10 per cent in Spain and Portugal and around 15 per cent in Greece) is accelerating the erosion of the traditional, precapitalist social structures.

Consequently, the gap between southern Europe and the rest of the EU countries seems to narrow, as there is a general (although not linear) trend of convergence, both with regard to social expenditure and to GDP: The variation coefficient in the ratio of social expenditure to GDP diminished over the last decade in the EU from an average of 0.25 in 1980 to only 0.15 in 1991 (European Commission 1993: 43) whereas, regarding the divergence of GDP per capita, the standard deviation in the Union dropped from 36.6 in the 1960s and 29.1 in the 1970s to 24.4 in the 1980s and 23.8 in 1993 (Werner 1994: 160, 152 ff).

The lag, of course, has not yet been overcome. However, as the social structure and the political regime modernize (under, among other factors, the influence of European integration) the countries of the so-called Latin rim tend to readapt their residual welfare system, by imitating institutional patterns of the other continental states and gradually expanding the scope of social protection. This tendency is illustrated in Greece by the establishment of a universal non-contributory public assistance pension for elderly people, and in Spain by the introduction in several ‘autonomous states’ (regions) of a guaranteed minimum income scheme, similar to the French ‘RMI’ (Revenue Minimum d’Insertion) (Estivill 1993: 251).

Consequently, Greece and the other two countries do not form a distinct group but rather a sub-category, a variant of the Continental model. They are merely underdeveloped species of the Continental model, welfare states ‘in their infancy’, 4 with the main common characteristic being the immaturity of the social protection systems and some similar social and family structures. Accordingly, if there is a south European model, it is not a fourth one in the classification, but rather the ‘discount edition’ of the continental model.
Basic features and history of the Greek welfare state

**The Greek state and society. An introduction**

Before we attempt a closer analysis of the Greek welfare structures, it is necessary to examine in brief some peculiar features of the Greek state, in its relation to civil society. In contrast to other countries of Europe (see Rokkan 1974), in Greece the formation of the state came after the formation of the nation (see Filas 1981; Tsoukalas 1986; Moscof 1978; Vergopoulos 1978; Petropoulos 1968). The new state, which emerged as the outcome of a victorious revolution against the Ottoman Empire (but only after the favourable intervention of the joint British, French and Russian fleets) had two main particularities:

1. its basic structures were not indigenous, but imported and implemented from above, by the apparatus of the successive foreign monarchs chosen by the ‘Great Protector powers’ (France, Russia and Great Britain). Even local government in-
Figure 5  Social protection expenditure and GDP per head, 1991
Source: Graph, European Commission (1994a), reproduced with permission of the Office for Official Publications of the European Communities

Figure 6  Persons saying they have confidence in the Church
Note: *For Greece, the bar represents the number of people who go to church at least three times per year
stitutions which were based on centuries of tradition, were restricted and almost abandoned by two consecutive laws of 1828 and 1833.

As the economy had been ruined by a total war of almost ten years and civilian society was in a state of “fluidity” (Svoronos 1970: 28), bringing in mind the remarks of Gramsci on the similar situation of the Italian South (Gramsci : 263), the state assumed an active interventionist role in the economy and in the ordering of the social relations. As Vergopoulos (1978: 309) remarks, the state has been since then the ‘functional axis of the overall social formation’ in Greece.

This situation had two further fundamental consequences that have marked the history of Greek society continuously. First, from the beginning the state has been an employer of the first resort, often in a parasitic way. As Comte de Gobineau, a visitor at this time, wrote (Gobineau 1905: 294), ‘all Greeks seem to believe that, since the state is the only one which has the finances, one should take advantage and work as a civil servant’. So, at the end of the nineteenth century the number of functionaries per 10,000 inhabitants was 7 times higher than that of the British Empire (Dertilis 1976: Table XII).

The second consequence concerns the legitimization of the state. From the very beginning, the political system allowed households to derive revenue through access to the state and thus made traditional support networks offer a viable alternative to the absence of social policy. However, the ‘spoils system’ and the clientelistic policies of recruitment to the civil service may fulfill functions similar to those of welfare policy, but they are, obviously, inevitably partisan. They are incompatible with the image of the state as a neutral arbiter, above social cleavages and interests. Inevitably, the ideological hegemony of the Greek state has always been extremely weak and the traditional attitude towards it one of contempt and mistrust. Professor Langrod, an expert who was invited by the Greek government in the 1960s to suggest a reform of the civil service, located one of the most serious problems as the ‘inherent hostility of the Greeks towards the authorities’ (Langrod 1965: 71).

In the light of this, it is not strange that in the nineteenth and early twentieth centuries the state did not develop any initiatives in the field of social security. It is also true that the scarcity of resources of the newborn and poor state was another basic reason preventing a serious welfare effort. (An obvious prerequisite for the welfare state is the welfare of the state . . .) The, only rudimentary, social services have been provided by mutual-aid organizations of professional groups such as army officers (1856), sailors (1861) or civil servants (1861, see Kremalis and Yfantopoulos 1992, recognized later by law 218/1914).

One must not disregard the fact that the residual character of social protection, which is a constant variable not only of early history, but also of all phases of the Greek welfare state, results from the state’s inability to satisfy social needs. It does not stem from a societal principle, as, for instance, happens in the liberal model of welfare-state with the embedded confidence in self-regulation of the market and individual thrift. Traditionally, the market forces have been very weak and state-protected and they have never challenged the paternalistic and centralist statist policies. On the other hand, public employment, as a welfare substitute, is quite different from the Scandinavian paradigm, as it does not fulfill any welfare state function but only satisfies the clientelistic policies of the principal political parties.

The four periods of the Greek welfare state

The foundation  At the beginning of this century state social policy was still embryonic. The Ministry of Social Assistance was founded
Table 1  Introduction of principle social legislation in European countries

<table>
<thead>
<tr>
<th></th>
<th>Accident insurance</th>
<th>Sickness insurance</th>
<th>Pension insurance</th>
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<tbody>
<tr>
<td>Germany</td>
<td>1881–1884</td>
<td>1883</td>
<td>1889</td>
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<tr>
<td>Austria</td>
<td>1887</td>
<td>1888</td>
<td>1906–1927</td>
</tr>
<tr>
<td>France</td>
<td>1898 (vol)</td>
<td>1930</td>
<td>1910–1930</td>
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<tr>
<td>Belgium</td>
<td>1903 (vol)</td>
<td>1894 (vol)</td>
<td>1900 (vol)</td>
</tr>
<tr>
<td>Italy</td>
<td>1898</td>
<td>1886 (vol)</td>
<td>1898 (vol)</td>
</tr>
<tr>
<td>Spain</td>
<td>NA</td>
<td>1942</td>
<td>1939</td>
</tr>
<tr>
<td>Portugal</td>
<td>NA</td>
<td>1938</td>
<td>1935</td>
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<tr>
<td>Greece</td>
<td>1915</td>
<td>1934</td>
<td>1934</td>
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*Average year without the southern States* 1890 1896 1908

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<th>Sickness insurance</th>
<th>Pension insurance</th>
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<tr>
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<td>1898 (vol)</td>
<td>1892 (vol)</td>
<td>1891 (vol)</td>
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<tr>
<td>Norway</td>
<td>1894</td>
<td>1909</td>
<td>1936</td>
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<td>Sweden</td>
<td>1901 (vol)</td>
<td>1891–1910 (v)</td>
<td>1913</td>
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<tr>
<td>Finland</td>
<td>1895–1917</td>
<td>1963</td>
<td>1937</td>
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*Average year for the Scandinavian Model* 1901 1913 (Without Finland=1897) 1919 Without Finland=1915

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<th>Sickness insurance</th>
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<td>UK</td>
<td>1906 (vol)</td>
<td>1911</td>
<td>1908–1925</td>
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<tr>
<td>Ireland</td>
<td>1897 (vol)</td>
<td>1911</td>
<td>1908</td>
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<tr>
<td>USA</td>
<td>1930</td>
<td>1995 (?)</td>
<td>1935</td>
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<tr>
<td>Canada</td>
<td>1930</td>
<td>1971</td>
<td>1927</td>
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<tr>
<td>Australia</td>
<td>1902</td>
<td>1945</td>
<td>1909</td>
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*Average year for the liberal model* 1913 1946 1918

*Notes: vol = Subsidized voluntary Insurance, in all the other cases, the scheme is compulsory; NA = not available.*


in 1917 (L. 748/1917), targeted essentially to the protection of orphans, handicapped people and war refugees, a problem that was dramatically aggravated after the disastrous war against Turkey (1922) resulted in the need to resettle almost 2 million Greeks fleeing from Asia Minor (cf. the Law 2851/1922).

It was, however, the extraordinary economic development of the 1920s and 1930s that created the conditions necessary for the fountain of a modest social protection system. The first period of the proper history of the Greek welfare state – the foundation – begins in 1934, several decades later than in most of other European states (see Table 1) and lasts until 1974. As we shall see, the three other periods are those of consolidation (1975–81), of development (1981–89) and of readjustment (1989–the present day).

The great landmark of the first period was the creation of IKA in 1934, a social security organization of general, although not universalistic scope, covering almost one third of the population (Kremalis and Yfantopoulos: 84) and offering health and pension insurance. The insurance was compulsory for all workers in urban areas and for those industries employing more than 70 persons. Nevertheless, all the other existing insurance units remained in place.
The Second World War, and especially the civil war (1946–49) that followed, stopped any expansion of social policy. One must avoid a simplistic image of the Greek civil war as a mere confrontation of pro- and anti-Communist forces or a ‘Communist revolt’ involving some thousands of rebels. One must always bear in mind that with the leftists there were also people who had joined the resistance movement against the Germans from purely patriotic feelings, whereas the opposing camp had pardoned and assimilated several notorious collaborators. In any case, the aftermath of the war found the nation and its conscience practically divided in two (of course not equal) parts and some of its consequences have lasted till the 1980s.

The main argument of this article is that the basic obstacle for the creation of a genuine welfare state until the middle of the 1970s was the ‘dual society’ that emerged in the aftermath of the civil war, just as it was the authoritarian rule of Franco’s and Salazar’s dictatorships that hindered a similar development in the Iberian peninsula. Independently of national variations, the pot-war golden era of the welfare state had as presupposition a working compromise between the social actors, built upon a social contract guaranteed and facilitated by the state. It was the civil war itself and its repercussions that prevented the consolidation of such a contract in Greece, and prevented the emergence of some sort of corporatism – the other essential component of the Continental (and Scandinavian) model.

The new element of post civil war policies was a mutation of the state’s functions. The latter did not remain merely, as always, at the centre of clientelistic policies, but assumed in addition an active ideological role in the perpetuation of the division between the losers and the winners of the war, by offering jobs and state subsidies to the latter, repudiating and purging the former, long after the end of the hostilities. Posts in the administration were not created in order to satisfy real needs, but rather to reward loyalty to the regime. This irrational development of the state’s structures resulted in an explosion of government expenditure, which almost doubled in 20 years (Petmesidou 1991: 32–33) without being accompanied by an increase in social expenditure as in most other Western countries.

These policies were not simply the expected reprisals of the winning side in every civil conflict. They were structural and persisting characteristics of a conscious effort by the dominant conservative forces to establish ideological hegemony and repress the ‘communist danger’. It is characteristic that in 1957, eight years after the last shot of the last battle, Greek citizenship was revoked from 5,521 persons in comparison to only 52 in 1951 – a year much closer to the war (Alivizatos 1979: 449).

However, the purges were not limited to the ‘losers’, but expanded to practically anyone who could not prove their pure nationalist beliefs. Between 1946 and 1948 alone, almost one third of the functionaries were fired (Alivizatos: 314 ff). An official ‘certificate of loyalty’ (established by the law 509/1947) was required during this period not only for a nomination in the civil service, but also for acquiring a car licence or for presentation at University examinations. Besides the political repression, the economic demands of the working class were suppressed also. Although in the 1960s and early 1970s the country witnessed a rapid economic growth averaging 8 per cent per year, the share of wages and salaries in manufacturing in relation to the total value added fell from 44 per cent in 1958 to 31.6 per cent in 1973 (Petmesidou 1991: 36). Under such circumstances of extreme social polarization, where a big part of the population were second class citizens, any thought of a social contract was clearly out of the question. That is why, during this period, any debate about the Welfare State was absent and the rudimentary social expenses stagnated or even fell (see Figure 7 and Tables 2 & 3).

It is very doubtful if one can speak of a genuine welfare state under these circumstances (see Esping-Andersen 1992: 18), because of the small percentage of the population totally covered, and because of the low
### Table 2  Defence expenditure as percentage of GDP*

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<td>6.7</td>
<td>6.6</td>
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<td>5.8</td>
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<td>Average for NATO</td>
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<td>5.6</td>
<td>5.0</td>
<td>5.2</td>
<td>4.8</td>
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*Source: NATO Statistical Data (1993) Table 3a
Note: *Based on current prices

### Table 3  Gross domestic product and defence expenditure*: annual variation (%)

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*Source: NATO Statistical Data, 1994, Tables 2(a), (b). The first row for each country represents the annual variation of GDP and the second variation of defence expenditure. The row for Netherlands represents defense expenditure, the related data for GDP are incomplete.
Note: *Based on constant prices
Figure 7  Annual evolution of social and defence expenditure, in relation to the GDP variation (%) 1970–91
Source: NATO (1993), OECD (1994a)

Figure 8  Evolution of social expenditure as a percentage of GDP in Greece, OECD and EC (1963–90)
Note: There are slight variations between the data of OECD and EU
level of the social services. It is significant that during the 1960s and early 1970s no major social legislation was adopted, with two exceptions: the first one was rather marginal and consisted of the introduction of some modest family allowances and tax deductions (1959, 1972). The other constituted a strategic attempt of assimilation of the rural population. In 1961 the Agricultural Insurance Organization (OGA) was created, in order to provide welfare services to all farmers (about 51 per cent of the whole population at this time). Although this scheme was very ambitious, it quickly degenerated because of lack of sufficient economic resources.

In contrast to the fall in social expenditure, the military budget expanded continuously. This was a vital necessity for the regime, for it supported the ideological image of the 'menace from the North' (i.e. communist Bulgaria and the Warsaw Pact), as well as that of the 'Internal danger' (i.e. from the remnants of the Communist party and its sympathizers) which constituted the basis of its political discourse.

As is shown in Tables 2 and 3, defense expenditure was not only higher (almost double) than any other European country of NATO, but also, until the 1980s, continued to rise even when GDP was stagnating. As we shall see below, the relation between social and defense expenditure can be used as a very practical and instrumental barometer of the change of Greek state policies toward more social options.

The consolidation The dictatorship of the colonels (1967–74) imposed its authoritarian yoke by invoking as official alibi the same 'communist menace'. However, it extended its political purges to all members of the political spectrum, including conservative citizens and politicians. As a consequence, after its collapse, this old ideological recipe for legitimation could not be functional any more. The new conservative majority of the first free elections (1974), under its charismatic leader K. Karamanlis, opted for the modernization of state structures, investing especially in the

Figure 9  Average annual growth of social expenditure per head in EU, 1980–91
Source: European Commission (1994a)
Note: *Greece: 1980–89
prospect of Greece being admitted into the European Community. It abolished the post-civil war 'laws of exception' and legalized the Communist Party. The Constitution of 1975, although voted in only by the Governmental majority, as the opposition did not take part in the final vote, guaranteed all basic civil and political rights and included also, for the first time after the moribund Constitution of 1927, a bill of social rights.

So, as the wounds of the civil war began to heal, Greece passed simultaneously to the first genuinely free parliamentary democracy of her history and to the second period of Welfare State (1975–1981). As Figure 7 illustrates, this is the beginning of a cautious increase of social expenditure. However, the rise is not spectacular, as the social state was not at the core of the political programme of new government. Also, economic restraints were imposed by the military expenditure, which continued to rise faster than the social one. This was to be expected, as the Turkish occupation of Northern Cyprus (1974) almost provoked the third Greco-Turkish war of the century and triggered a general feeling of collective, national insecurity resulting in a unanimous (with the exception of the Communist Party) consensus about the necessity of military effort.

Still, the ruling party was the natural heir to the pre-dictatorial dominant political coalition (K. Karamanlis was Prime Minister for eight years already in the 1950s and early 1960s) and never alienated from the tradition of patronage. So, the clientelistic policies persisted. The public sector continued to be the privileged field of the pre-electoral bargain. The basic configuration of social security did not change and, especially, was lacking any general programme for its evolution. Only some incremental services and special 'privileges' were introduced, offering rudimentary and fragmented protection and benefits to selected parts of the population (especially in the public sector), always in response to the electoral needs of the moment.

Thus, for instance, a mother working in the civil service could retire after only 15 years of work, at the peak of her productive years. Fifty per cent of the insured workers of IKA were considered to have 'unhealthy and hard' jobs, in order to be entitled for a special allowance (Kremalis and Yfantopoulos 1992: 89). It is a bitter, common joke, that under these circumstances it is the concept of work itself to which is considered generally unhealthy). The further segmentation of insurance funds, which was another outcome of the incrementalist and adhocist policies constitutes, even today, the most serious obstacle to a rational reorganization of the welfare structures (there are 365 different insurance units in Greece, each one giving a different pension and being under supervision of four different ministries).

This 'pluralism' and favouritism brings to mind a similar situation in Italy, where there are more than 120 insurance funds (Esping Andersen 1990: 61) and comparable incrementalist social policies (Ascoli 1987). The similarity is not accidental, but reflects similarities in the political history of the two countries: Although for both (unlike their Iberian neighbours) dictatorial rule has constituted a short interruption of normal parliamentary practice, the latter has been marked by clientelistic patterns on a large scale. True, the post-war history of Italy did not have the stigma of the Greek political witch-hunt, but there also, as on the other side of the Ionian Sea, the same political camp stayed in power for almost half a century, based on similar practices of political patronage, often overshadowed by rumours of scandal and economic corruption.

The development The third period (1981–89) is marked by the change in the political balance of power with the rise of the Socialist Party (PASOK), after an impressive electoral victory (from 11 per cent of votes in the elections of 1974, to 48 per cent in the elections of 1981). This was the final step towards the abolition of the remaining influence of the civil war on social and political life, as PASOK's supporters comprised the politically excluded strata of the post-civil period and the party
expressed a kind of ‘underdog’s ideology’ (Diamandouros 1993).

Unlike its conservative opponent, PASOK focused on the development of the welfare state, and the ‘social wage’ was one of the main attractions of its political programme. Accordingly, the increase in social protection expenditure was exceptional, especially during its first four years in power (see above Figure 7, cf. Figures 8–9). What is more extraordinary is not the fact that social expenditure tended to stabilize in other European countries in the 1980s, but that national productivity and GDP were stagnating at the time. Moreover, the rising tension in the relationship with Turkey, triggered by its claims on the Aegean Sea, gave fuel to the nationalist discourse and launched military spending to unprecedented heights.

This unbalanced growth in spending exceeded the capacity of the economy. Between 1981 and 1985 the public deficit increased by almost 50 per cent, whereas in 1986 the deficit of the social insurance funds reached 16.7 per cent of their total revenue and 3 per cent GDP (Petmesidou 1991: 43). After its re-election in 1985 PASOK tried to reverse this trend by introducing a programme of ‘stabilization’. Yet, the continuation of the traditional clientelistic policies of massive pre-electoral recruitment into the public sector did not do much to improve the situation.10

However, as a result of the increase in public expenditure, there was a definite improvement in the social protection situation, especially for low-income workers and pensioners. Thus, between 1980 and 1980, the average old-age pension increased from 48.5 per cent per capita of GDP to 78 per cent (that is the highest percentage in the EU), whereas total pension expenses as a proportion of GDP rose from 6.3 per cent to 10.6 per cent. (European Commission 1993). Furthermore, some new social care services for older people were set up and in 1984 became the responsibility of local authorities (L. 1416/1984, cf. L. 1065/1980, 1270/1982). Finally, a means-tested public assistance pension was established (L. 1296/ 82) for elderly people over 65 without any income or insurance, offering, however, very low benefits, considerably below subsistence level (see Figure 1).

The introduction of a National Health Service (NHS) was probably the main achievement of this period. The NHS was based on the following principles (OECD 1994b):

| Table 4 The Public Deficit in the EU, as a percentage of GDP |
|---------------|--------|--------|--------|
| Belgium        | 133.6  | 135.1  | 142.2  | 142.6  |
| France         | 35.5   | 39.4   | 43.9   | 48.1   |
| Denmark        | 64.6   | 68.8   | 80.4   | 82.2   |
| Germany        | 42.1   | 44.8   | 48.9   | 53.6   |
| Greece         | 86.1   | 92.3   | 115.2  | 116.8  |
| UK             | 35.8   | 41.7   | 48.2   | 50.5   |
| Ireland        | 97.0   | 94.5   | 99.0   | 93.1   |
| Spain          | 45.2   | 48.2   | 55.9   | 61.4   |
| Italy          | 101.2  | 108.2  | 118.3  | 123.3  |
| Luxembourg     | 4.9    | 5.8    | 6.8    | 7.9    |
| Netherlands    | 79.0   | 79.7   | 81.2   | 82.2   |
| Portugal       | 69.4   | 61.7   | 66.6   | 70.2   |
| EU Average     | 66.2   | 68.4   | 75.6   | 74.1   |
| EU Weighted Average | 57.0 | 60.0   | 66.0   | 69.8   |

Source: Greek General Budget 1995
1 State responsibility for the provision of health care services. Accordingly, the creation of new private hospitals or the expansion of existing ones was prohibited by law, as was private practice by public doctors (L. 1397/1983). In addition, any state subsidy to private, non-profit hospitals was stopped.

2 Universality and equity in the delivery of health care. Access to health care was to be provided irrespective of income and socio-economic criteria. The supreme administrative court and the prevailing opinion in legal theory considers, therefore, that the right to health is a genuine civil right (Kremalis 1987).

3 Decentralization of planning and delivery of health services, especially of primary care.

Some active labour policy measures, especially in the field of vocational training and reorientation of unemployed people remained rudimentary and did not have any considerable influence on the overall structure of the social protection system (L. 1116/81, 1262/82). The total expenditure on active labour market policies was by far the lowest in the EU, absorbing only 0.38 per cent of GDP (in 1992, see European Commission 1994a: 69, Greece also shared the last position with Italy regarding passive labour market expenses which constitute only 0.79 per cent of GDP). The same was true for housing policy. Although some new statutory provisions for housing loans were adopted (L. 1337/1983) total housing expenditure was exactly half the EU average (0.9 per cent of GDP for 1991 European Commission 1993).

Although, of course, it was not possible to cover the gap caused by many years of delay just in one decade of expansion, the end of this period Greece seemed to catch up with the median European Countries, at least with regard to the social expenditure share of GDP – Figure 8. However, in 1989 social expenditure, expressed in PPS, was still one-third of the EU average (958 PPS and 3092, correspondingly). The problem of poverty, although far from being solved, was alleviated somewhat and the percentage of households below the poverty line diminished slightly (see Figure 10). However, the overall irrational and fragmented patterns of the social security system was not reorganized and rationalized, and the growing deficits constitute a time bomb for the majority of insurance funds. Still, in spite of the increase of the 1980s, in absolute numbers social expenditure remains the lowest in the EU. Moreover, the flagrant inequalities in the development between urban and rural areas persist. Despite the construction of 176 NHS Health Centres in the countryside, there continued to be a lack of social infrastructure and specialized personnel.

The readjustment In this last period (1989 to the present day) economic restraints put a halt to the growth in social expenditure. The principal efforts of the Conservative Party, which won the elections of 1990, were concentrated on bringing down the deficits of the insurance units, which represent the most explosive challenge for the social security system. These deficits are due to the unbalanced expansion of the previous decade, as well as to bad management and the ever present adhocist and clientelistic policies. What makes the situation worse, is the fact that due to the demographic changes and to the wave of premature retirements, the ratio of employed people to pensioners fell from 2.8 in 1979 to 2.0 in 1989 (Petmesidou 1991: 42). The traditional solution of subsidies from the public purse cannot continue, as the overall public deficit is the third highest in the European Union (see Table 4) and its reduction has become the basic priority, in a (probably hopeless) effort to reach the level necessary in order to move towards the European Monetary Union (Kazakos 1994; Sandholz 1993). Consequently, Greece has joined the other EU countries in their common effort to readjust, the main feature being the reduction of expenditure and restrictions of benefits.

Three major insurance laws were enacted
between 1990 and 1992. They focused mainly on the financial side of the situation, trying to support the most endangered insurance units, and to promote a gradual harmonization of social security contributions. The age of retirement has been fixed at the median EU standard of 60 for female and 65 for male workers. Incentives to continue work and disincentives for premature retirement have also been enacted. The eligibility criteria for invalidity pensions became stricter, in an effort to ensure transparency and objectivity in the definitions of the various degrees of invalidity. These various measures seem to have born some fruit as, presently, the number of pensioners is decreasing slightly: in 1994 the number of retiring persons was 297,432, compared with 329,839 in 1990 (General Budget 1995 – Ministry of the National Economy of Greece 1994). However, there is an absence of social consensus about the reform, as the new legislation limits some of the vested rights of the past, in some cases even for unprivileged social categories. Besides, the whole scheme lacks any long term strategy for the reorganization of the welfare system.

Furthermore, some services have been privatized and user charges have been reintroduced in some sectors, e.g. partially in the health system, where the public share of total health expenditure fell from 82.2 per cent in 1980 to 77 per cent in 1990 (European Commission 1993: 99). It should be stressed however, that the frontiers between the public and the private sector are often blurred, due to the existence of a parallel, informal economy that spans both sectors. For instance, according to a recent research study of the Sanitary University of Athens, 50 per cent of the patients in the National Health System (in principle free of charge for all citizens) have, illegally, paid some extra money to the medical staff in order to have better care, or for small ‘favours’ like, for instance, being short-listed for an operation.

At the end of the two years of conservative rule, social protection benefits as a percentage of GDP had fallen to 18.1 per cent (in comparison to the EU average of 25.9 per cent European Commission 1994b), which is not only the lowest in the European Union but also considerably lower than the percentage of 1989 (20.7 per cent). However, this trend seems to be reversed in the last years (1993–95), after PASOK came back to power. According to the General Budget of 1995, there was an increase of 18.5 per cent in social expenditure in 1993–94 (in current prices, approximately equal to 8 per cent in constant ones) and there is a provision for an increase of 9.2 per cent for 1994–95 (which is equal to the expected inflation for this year – General Budget, Ministry of the National Economy of Greece 1994: 88).

Despite the improvement of the 1980s, the fragmentation of the social protection system still perpetuates flagrant inequalities and does not eradicate poverty. According to the pensioners’ organizations approximately 80 per cent of private pensions are below or around the poverty line. Besides the deficits, poverty is the biggest challenge for the Greek Welfare State.

For a long time poverty was almost a national condition for Greece. According to some estimates, in the 1930s the percentage of the population below the poverty line (defined as the average income of the typical worker’s household) was about 73 per cent (Kremalis and Yfantopoulos 1992: 84). Apart from the fact that the country was never very prosperous, the main reason for this incredible number was the very large inequality of income. The Gini coefficient is estimated to be 0.6140 for the late 1930s, falling slightly to 0.5936 in the late 1940s (Kremalis and Yfantopoulos 1992: 84). In the 1960s there was a definite improvement, (1963G = 0.3115), which continued in the 1970s (1974G = 0.2921) and in the 1980s (1982G = 0.2409 in urban and 0.2307 in rural areas; Karagiorgas 1990: 100, 117, 157).

However, as is shown in Figure 10, in the 1980s poverty was considerably higher than the EU average and at the same levels as Spain and Portugal. Until the late 1980s the poor
population consisted mainly of the 'traditional' categories (Room 1990), especially elderly people, single parent families, rural and large households (Bouzas 1990). Therefore, poverty did not always turn into exclusion and misery, as the ‘primary social network’ and principally the family alleviated the economic pressure. Moreover, the huge informal economy allows people to have a second job and, thus gain an additional income that makes a difference to their standard of living (Mingione 1988).

Yet, this situation is changing rapidly, as a wave of de-industrialization is creating massive unemployment in many regions and ‘new poverty’ at a huge and unprecedented scale, which cannot be alleviated through individual help. According to the official data (General Budget of 1995, Ministry of the National Economy of Greece 1994) the rate of unemployment is only 10 per cent, slightly less than the EU average, but there are reasons to believe that this is an underestimation of reality. Moreover, the most recent statistics show an increase in the long-term unemployment (>1 year), despite the general EU trend of modest decrease: whereas between 1985 and 1992 this kind of unemployment fell in the EU from 52 per cent to 43 per cent of total unemployment (in Spain and Portugal there was a more dramatic decrease from 53 per cent to 30 per cent and from 60 per cent to 45 per cent respectively) in Greece it increased from 43 per cent to 50 per cent. Forty-five per cent of the unemployed are young persons under 25 (data of Institute of Work INE/GSEE for 1995).

Things are getting worse, since the country has changed from a migratory to an immigrant one, receiving poor immigrants mainly from eastern Europe. According to the last available data (European Commission 1991) in 1988 the number of regular migrants was 184,000 for Greece. The main problem consists, however of the much greater number of
irregular migrants (the Confederation of Trade Unions in Greece, estimates that there are over 500,000 of them in the country), who are not only de facto, but also de jure victims of exclusion. The illegal foreigners, cannot claim any social rights, and are more vulnerable to exploitation in the labour market, with serious implications and side-effects for the rest of the working population. Therefore, the General Confederation of the Trade Unions proposed their massive legalization scheme in order to alleviate the pressure on wages and employment. In July 1995 the Ministry of work announced the implementation of a ‘green card’ of employment, in an effort to regulate the influx of immigrant workers, whilst the improvement of diplomatic relations with Albania enabled negotiations to be initiated about the future of the numerous illegal Albanian citizens.

It is not easy to conclude with a positive prognosis for the Greek system of social protection. The exhaustion of public resources and the pressure of the process towards the European Monetary Union do not warrant excessive optimism. Moreover, the inheritance of the distortions of the past constitutes a heavy burden, as an overblown and often parasitic public employment apparatus still represents the main substitute for the residuality of social protection. What is required to resolve the crisis are deep, structural changes of the political system and the whole of the public sector and, above all, the abandonment of the clientelistic policies and political patronage. There are, however, some hopes that the country is moving in this direction. A recent law (L. 2190/1994) has established a clear system of national examinations for entrance to the civil service. Recent data show that there is a slight decrease in the numbers employed in the public administration: on 31 December 1992, the total number of personnel was 480,117, that is 6 per cent smaller than in 1991 (510,078), which was even smaller (−2.62 per cent) than in 1990 (data of Greek Ministry of Presidency, Vima 25/6/1995). The future will show if this trend will be accompanied by the sensitivity needed for the alleviation of poverty and unemployment.

Notes

1 Arnlaug 1993: 320) distinguishes five groups in Europe with regard to the labour market participation of women: in the three first groups are the Scandinavian countries, with a percentage of female employment of 70–80 per cent, followed by Portugal (69 per cent), France and Belgium (60–69 per cent). Greece, together with Italy are in fourth position (40–49 per cent), whereas Spain and Ireland are last, with a percentage of 20–29 per cent. According to more recent data from Eurostat (1994), female employment in Greece has risen from 45 per cent in 1983 to 53 per cent in 1991 (INE Bulletin 3839 1994: II), whereas the EU average was 66 per cent in 1991 and 54 per cent in 1983.

2 Italy does not fit exactly with this group, as it has a more advanced, industrialized economy and its social expenditure rate equals, approximately, the average of the European Union.

3 Another author (Kosonen 1992) proposes a ‘peripheral’ model which incorporates the three Mediterranean countries and Ireland, found to have in common, a low level of social expenditure, the insurance principle and many traditional traits with regard to the role of women. However, the classification of Ireland in the same family with the three other countries does not look very convincing. Regarding both its structure of social protection income (tax-financed, see Figure 4) and its scope of benefits (semi-universalistic, cf. Figure 1), it is clear that it belongs to the same group as the United Kingdom, namely to a liberal model, shaped also by the strong Beveridgean influence. Of course, it has in this group the same position the southern countries hold in their own (or, for example, Iceland within the Nordic one), that of the ‘laggard’.

4 Cf. the similar position of the EU Commission publication (European Commission 1993: p. 18).

5 Therefore, Greek social theory (cf. among others, Vergopoulos 1985; Mouzelis 1978; Filias 1980; Petmesidou 1987) has focused the analysis on the weakness of civil society. We think, however, that the basic factor that shaped the contemporary history of the Greek State, at least after the Second World War, was not so much the weakness of the society, as the inability of the state to impose an indisputable ideological hegemony. Civil society has not been weaker than in the other countries of the European south. For instance, the syndicalization rate of the workers was around 40 per cent in
One example illustrates why the social security system is just one step before bankruptcy: the insurance organizations have been obliged for years to deposit their financial reserves with the national banks without receiving any interest. These billions of drachmas have been used for low-rate loans to inventors in order to promote the fast industrialization of the country. Of course the problem worsened because of the general economic crisis of 1975 and 1980 and the demographic particularities of Greece.

13 The passing of the law triggered massive protests and strikes. In 1990, 200 strikes took place, involving 1,405,497 strikers, almost the double of the consecutive number for 1989.

14 Data presented in a press conference of 10 February 1995 by the president of the Federation of Pensioners, D. Mavrodogiou.

15 In the third biggest Greek city, Patras, unemployment is 25 per cent, whereas in smaller industrial towns, like Mantoudi and Lavrio levels have reached 75 per cent and 50 per cent respectively (Institute of Work INE/GSEE 1995).

16 It is true that Greece is receiving huge amounts of money from the Union's regional and cohesion funds, which are meant to balance 'integrational damages' and help regional growth in the poorer countries (Greece, Spain, Portugal and Ireland) (Leibfried 1993b, p. 8). For the same purposes the so-called Paquet 2 Delors presupposed an increase in the Community Budget to 1.37 per cent of the European GDP. However, in order to have a measure of comparison, it is worth pointing out that the German government has committed seven times the total of Structural Funds for the integration of the new Länder.

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