

The Greek Welfare State: A Tale of Reforms and Inequalities, 1951-2008

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ABSTRACT

This paper adopts an economic and institutional history approach to depict the state of the Greek social insurance system in terms of occupational classification, prior to the adoption of the memorandums beginning in 2009. The crisis of social insurance was not new but quite an old story, plaguing Greece since the 1980s. Our analysis illustrates three fundamental issues that characterized the system for nearly sixty years (1951-2008): its continuous crisis since the 1980s; the substantial structural and organisational problems of the social insurance system and its component organisations; and the enormous inequalities in terms of spending (benefits in money and benefits in kind) between the various social insurance funds.

Introduction*

Social welfare and healthcare provision has been at the centre of the political debate in Europe since the nineteenth century.¹ Nowadays, this debate has intensified, especially in Greece, where

* The author would like to thank Nikos Koskinas, Dr. in Economic Sociology, for constructive criticism of the manuscript and the creation of Chart 3.

¹ I.T. Berend, *An economic history of twentieth-century Europe. Economic regimes from laissez-faire to globalization*, (in Greek), Athens, 2009, *passim*, esp. chapter 5; D. Gladstone (ed.), *Before Beveridge: Welfare before the welfare state*, London, 2009, *passim*; B. Jessop, *The future of the capitalist state*, Cambridge 2002, pp. 11-54.

nominal and real welfare state benefits have been rapidly reduced compared to the pre-memorandum era. The weakness of the social insurance funds in relation to acceptable benefit levels (pensions, healthcare, supplemental pensions) during the Greek fiscal and economic crisis reveals, in our view, four fundamental issues that characterised social insurance as an institution in the pre-memorandum era: a) the continuous crisis since the 1980s, b) absolute dependence on public funding, c) the substantial structural and organisational problems of the social insurance funds, and d) the enormous inequalities in terms of spending (benefits in money and benefits in kind) between the various funds.

It can be said that a “veil of ignorance”² shrouded the chief instrument of Greek social policy, i.e. the social insurance system, until 2009, and this veil was pierced when the era of memorandums and economic dependence arrived.

Despite the fact that care for the poor was one of the main priorities of the Greek state until the mid-20th century, the transition to publicly funded programmes of social insurance and social welfare was accompanied by malformations and distortions of the roles played by social insurance and redistribution of income among social groups and generations.³ During the period examined here irregularities were rife, and they are traced to issues and questions that remain unanswered: for example, was the expansion of the state and the public role determined by the increased costs of medical services, or was it the other way around? Did the increased funding for these services bring about their inflation? Also, is expanding the role of the state the answer to the increase in social welfare expenditure?⁴

² P. Rosanvallon, *The new social question. Rethinking the welfare state* (in Greek), Athens, 2003, pp. 75-84.

³ K. Doukakis, *The Welfare state under pressure. The Greek social insurance regime (19th-20th Century)*, vol. 1 (in Greek), Athens, 2016, *passim*, esp. chapter 2-4; E. Prontzas, Ch. Desyllas, K. Doukakis, “Social welfare restoration” (in Greek), in T. Kalafatis and E. Prontzas (eds.), *Economic history of the Greek state*, (in Greek), vol. 1, Athens, 2011, pp. 301-400.

⁴ J. Stiglitz, *Economics of the public sector* (in Greek), Athens, 1992, p. 340.

The state should ensure the proper allocation of the funds that are transferred.⁵ This is a matter involving multiple aspects. In a paternalistic optic, society is interested not so much in the prosperity of welfare recipients as in the circumstances (indigence, malnutrition) caused by lack of welfare; from the opposing viewpoint, the paternalistic principle violates the rights of consumers.⁶

The problem becomes most severe in the framework of long-term analysis. Ever since the establishment of social insurance, the major actor of the Greek welfare state, a “veil of ignorance” shrouded the way in which the social insurance system was constructed and how it covered the labour force. These issues have been treated in studies, findings and reports on all the main social welfare laws from their beginnings between the wars right down to the present. It is commonplace in these texts, especially in the last forty years, to encounter “widespread inequalities” among social insurance funds as far as contributions and benefits are concerned.

This paper intends to locate, measure and analyse the range of “inequalities” among social groups insured by various funds, basing the institutional analysis on the regulatory acts, studies, and findings and the quantitative analysis on a database⁷ derived from social budgets. This dual approach and the use of the database represent the main contributions of this paper; the findings should constitute a constructive contribution to the debate on the history of social policy in the Greek state.

⁵ J. Stiglitz, cit., p. 425.

⁶ J. Stiglitz, cit., pp. 426-427.

⁷ The database includes economic and demographic statistics from 1853 to 2008 and constitutes the second volume of the author’s Ph.D. thesis. In this paper we mainly use data for the period from 1968 to 2008 and for 36 social insurance funds (budget data). For that period the economic series include revenue and expenses, broken down by fund. The demographic series include insured people and pensioners. All the data are from the Greek Social Budgets. See: K. Doukakis, *The institutional development of social policy in the Greek state (1821-2008)*, vol. 1, *Ideas, facts and reforms*, 441 p.; vol. 2, *Economic and demographic series*, 718 p.; vol. 3, *Appendix with processing and indexing*, 294 p. (in Greek), Ph.D. thesis - Ionian University, Corfu, 2010, *passim*, available at www.didaktorika.gr.

Historiography of the Greek welfare state

Research on the welfare state in Greece has focused exclusively on the role of the state. Most researchers have identified deficiencies and causes, the problem of the deficit, have offered appraisals and critiques of reform laws and assessed the system's efficiency solely by quantitative economic data based on the state budgets.⁸ In the context of comparative social policy analysis, academics and researchers have located the Greek welfare state among the other European regimes.⁹ Most scholars have argued that Greece represents the southern European welfare model par excellence (as outlined by Maurizio Ferrera), with its fragmentation, dualistic and ineffective income maintenance, near-universalism in national health care (but with considerable scope for private provision), particularistic-clientelistic welfare state and peculiar, disorganised mix of public and

⁸ S.C. Rompolis, *Greek social insurance: Continuous crisis and potential solutions* (in Greek), Thessaloniki, 1992, *passim*; G. Provopoulos, *The crisis in the Greek social insurance system: The case of the National insurance organisation* (in Greek), Athens, 1985, *passim*; S.C. Rompolis, M. Chletsos (eds.), *Social policy perspectives after the welfare state crisis* (in Greek), Thessaloniki, 1995, *passim*; M. Chletsos, "Ideas regarding the Greek welfare state" (in Greek), in *Leviathan*, no. 10, 1991; I.N. Ifantopoulos, D. Balourdos, K. Nikolopoulos, *Economical and social aspects of the Greek welfare state* (in Greek), Athens, 2009, *passim*.

⁹ C. Esping-Andersen, *The three worlds of welfare capitalism*, Cambridge, 1990, *passim*; H.L. Wilensky, C.N. Lebeaux, *Industrial society and social welfare*, New York, 1958, *passim*; R.M. Titmuss, *Social Policy: An introduction*, London, 1974, *passim*.

¹⁰ Indicatively: H. Symeonidou, "Social protection in contemporary Greece", in *South European Society and Politics*, no. 1/3, 1996, pp. 67-86; M. Ferrera, "The 'Southern Model' of welfare in social Europe", in *Journal of European Social Policy*, no. 6/1, 1996, pp.17-37; M. Matsaganis (ed.), *Prospects of welfare state in southern Europe* (in Greek), Athens, 1999, *passim*; T. Papadopoulos, A. Roumpakis, "Familistic welfare capitalism in crisis: social reproduction and anti-social policy in Greece", in *Journal of International and Comparative Social Policy*, no. 29:3, 2013, pp. 204-224; T. Papadopoulos, "Support for the unemployed in a familistic welfare regime" in E. Mossialos and M. Petmesidou (eds.), *Social policy developments in Greece*, Aldershot, 2006, pp. 219-238; T. Papadopoulos and A. Roumpakis, "Familistic welfare capitalism in crisis: The case of Greece" in *Journal of International and Comparative Social Policy*, no. 29.3, 2013, pp. 207-224; M. Matsaganis, M. Ferrera, L. Capucha and L. Moreno, "Mending nets in the South: anti-poverty policies in Greece, Italy, Portugal and Spain", in *Social Policy and Administration*, no. 37:6, 2003, pp. 639-655.

non-public actors and institutions. The supportive role of the family, beyond the institutional framework of the welfare state, partially compensates for the state's inability to satisfy social needs; and the role of women remains crucial for the care of their families' children and old people.¹⁰

However, some researchers contend that Greece's undeniable lag in terms of social spending has little to do with any "specific institutional and organisational feature" but rather "reflects the delay in the construction of the welfare state and, more generally, the relative economic underdevelopment of the Mediterranean/European South. Studying specific institutional and organisational features would therefore contribute to the topography of these welfare state regimes but would have little explanatory value. In other words, the essence of the welfare state regimes lies in the principles on which they were founded (that is, the organisation of social insurance, entitlements related to the employment and contribution record, etc.), rather than the institutions or organisations that have been established over the years as the embodiment of those principles in the domestic setting."¹¹

Despite the worthy efforts and invaluable contributions of distinguished researchers and academics, some fundamental issues concerning the Greek welfare state have yet to be tackled. Until its creation by this author, the lack of a coherent database dedicated to the welfare state, with breakdowns by fund and by parameter (eco-

¹¹ Indicatively: M. Rhodes, "Southern European welfare States: Identity, problems and prospects", in *South European Society and Politics*, no. 1/3, 1996, pp. 1-22; M. Rhodes, "The welfare State: Internal challenges, external constraints", in M. Rhodes, P. Heywood and V. Wright (eds.), *Development in West European Politics*, London, 1997, pp. 103-122; G. Katrougalos, "The Southern European welfare model: The Greek welfare state in search of identity", in *Journal of European Social Policy*, no. 6/1, 1996, pp. 39-60; M. Petmetzidou, "Statism, Social Policy and the middle class in Greece", in *Journal of European Social Policy*, no. 1/1, 1991, pp. 31-48; M. Petmetzidou, "Social protection in Greece: brief glimpse of a welfare state", in *Social Policy and Administration*, no. 30, 1996, pp. 324-347; P. Schmitter, "Organized interests and democratic consolidation in Southern Europe", in R. Gunther, N. Diamandouros and H.J. Puhle (eds.), *The politics of democratic consolidation: Southern Europe in comparative perspective*, Baltimore and London, 1995, pp. 284-314.

conomic and demographic), was a serious obstacle for researchers. As a result, a detailed quantitative approach and historical analysis of the Greek social insurance system was unattainable.

The Social Insurance System

The period 1951-2008 can be divided into three main sub-periods on the basis of major social insurance reforms: 1951-1977, 1978 -1992 and 1993-2008 (Table 1).

A. The establishment of the social insurance system in the 19th century - The First Steps: it is worth a brief digression to survey the development of the Greek social insurance system up until the period under examination here.

The initial efforts of the newly established Kingdom of Greece to develop and organize a social insurance system led to the coverage of certain occupational groups.¹² In this period it was expected that government initiatives and activities in the field of social insurance would be limited, given the particular social, economic and political parameters of the newly established state.¹³ These initiatives consisted essentially in the adaptation of insurance laws from other European countries, which were not properly suited to Greece.¹⁴ The newly founded Kingdom, its economy and in particular its agriculture destroyed and devastated by the war of independence, had no elements in common with the European industrial economies and societies.¹⁵ As a result, the social insurance funds that were estab-

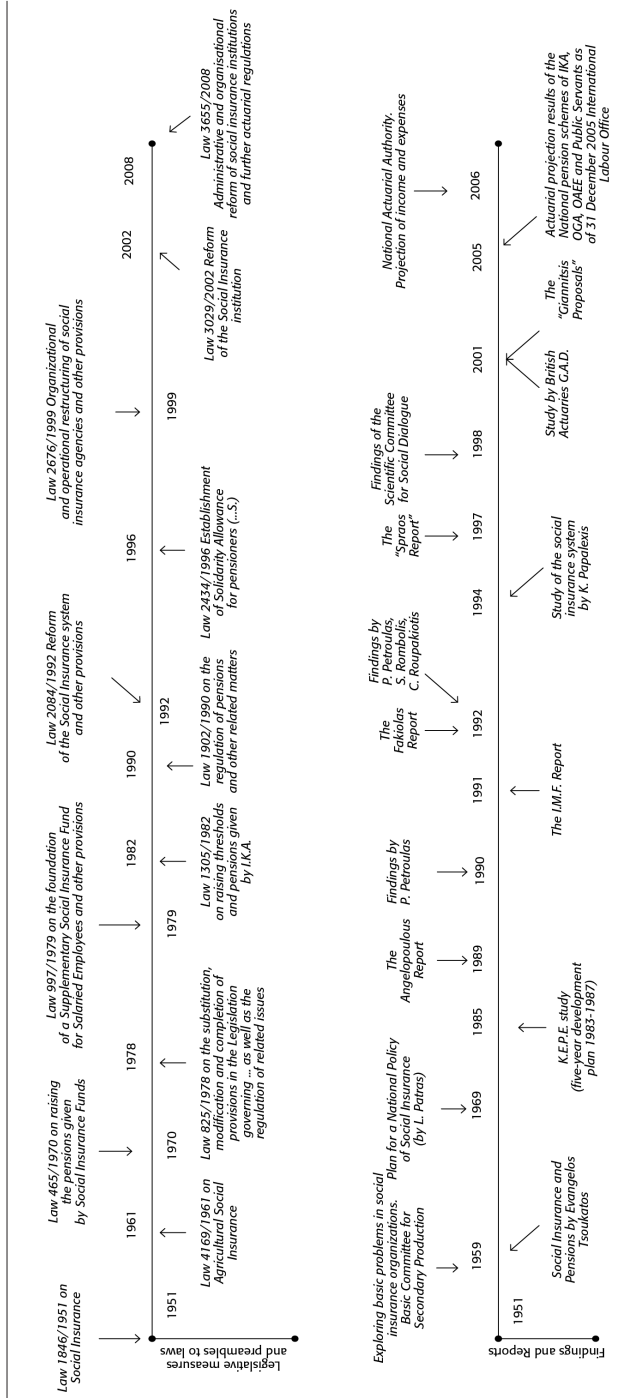
¹² K. Doukakis, D. Anogiatis Pele, "Forms of social welfare and state innovation in the Greek area (18th-19th centuries)" (in Greek), in S. Laiou (eds.), *In memoriam Evi Olympitou. Local communities in the maritime and mountain areas of the Balkan South, 18th-19th centuries* (in Greek), Symposium Proceedings, Corfu 24-26 May 2012, Corfu, 2014, pp. 355-370.

¹³ G. Dertilis, *History of the Greek State* (in Greek), Athens, 2010; K. Kostis, *The defrauded children of history. The formation of the modern Greek state, 18th-21st cent.* (in Greek), Athens, 2015, *passim*.

¹⁴ C.N. Agalopoulos, *The protection of the navy patient - Contributing to the evolution of the social insurance system* (in Greek), Athens, 1931, pp. 12-14.

¹⁵ A. Fragiadis, *Greek economy, 19th-20th century. From the struggle of independence to the economic and monetary Union* (in Greek), Athens, 2007, *passim*.

TABLE 1
Social Insurance Institution time chart



lished faced major administrative and financial problems from the very outset.¹⁶ The dysfunctions of the new funds also stemmed, in all likelihood, from the contradiction between imported ideology and endogenous social organisation.¹⁷

The great paradox of the development of the social insurance system in the 19th century was the lack of regulations or provisions for the rural population, which made up the majority of the labour force until the middle of the 20th century. The social groups covered (civil servants, military personnel, miners, seafarers, bankers and railway employees) accounted for only a minor percentage of the labour force.¹⁸ This contradiction depended on the priorities of the Greek state and Greek society. The rapid crystallisation of a significant portion of the dominant strata around the state mechanism was a structural factor in the development of the social insurance system. It was therefore expected that public servants would predominantly secure their interests. In this context of dependencies and given the political, economic and social priorities, the insurance coverage of particular social groups of the private sector (miners, seafarers, bankers and railway employees) was included.¹⁹

B. The social insurance system up to the mid-20th century: The crucial development certainly came between 1914 and 1937, when the foundations of Greece's welfare and social insurance regime were laid. In this period we can note varying effects in the way it was organised and the ideas that came to fruition.²⁰

Between 1914 and 1928, major legislation was passed, such as

¹⁶ C.N. Agalopoulos, *The protection of the navy patient*, pp. 14-15.

¹⁷ A. Liakos, *Work and politics in interwar Greece* (in Greek), Athens, 1993, *passim*; K. Tsoukalas, *Social development and state. The formation of the public space in Greece* (in Greek), Athens, 1999, pp. 69-107.

¹⁸ K. Doukakis, D. Anogiatis Pele, "Forms of social welfare", p. 367.

¹⁹ G. Dertilis, *Social transformation and military intervention* (in Greek), Athens, 1999, pp. 153-155; V. Delegou, *History of the public economic space in the Greek State* (in Greek), Ph.D. thesis, Ionian University, Corfu, 2019, *passim*, available at www.didaktorika.gr; T. Kalafatis and E. Prontzas (eds.), *Economic history of the Greek State* (in Greek), vol. 1 & vol. 2, Athens, 2011, *passim*.

²⁰ K. Doukakis, *The institutional development of social policy*, vol. 1, *passim*.

the Law on Trade Unions (281/1914) and the Law on Compulsory Insurance of Workmen and Private Sector Employees (2868/1922). They represented an innovation as regards the type and scope of benefits for the insured; however, they instituted compulsory insurance without creating social insurance funds for universal coverage of the work force. These laws provided instead for the creation of small sectoral funds that, as might have been expected, produced a fragmented system of social insurance,²¹ reflected in a rapidly increasing number of funds and, by extension, of persons insured (Chart 1), as well as the average number of insured per fund (Chart 2), which rose at a high average annual rate. At the same time, the Constitution²² provided for social rights, and legislative acts regulated labour relations, health and safety matters. In this period the prevailing notion was that for the working class “economic liberation” was more important than “political liberation.”²³

Conditions after 1929 were ripe for a preliminary draft law on compulsory insurance with accident and occupational disease coverage, to complete the formation of an inclusive system of social insurance. The social partners, the International Labour Office (forerunner of today’s I.L.O.), and representatives of the Greek state participated in this debate.²⁴ The negotiations ultimately resulted in the adoption of the Law on Social Insurance (6298/1934), based on the report of Professor E. Schoenbaum.²⁵ This law, which adopted the principles of the insurance concepts in place in Central Europe (the Bismarck model),²⁶ set new standards for the Greek social insurance system. It established a specialised organisation providing

²¹ I. Zarras, *The social insurance institution* (in Greek), Athens, 1929, p. 81.

²² X.I. Kontiadis, *Welfare state and social rights: A contribution to interpreting the ways of constitutionalizing social protection* (in Greek), Athens, 1997, pp. 177-178

²³ This refers to the constitutional changes on which the interwar regimes were based; I.G. Kyriakopoulos, *Contemporary problems in constitutional law* (in Greek), Thessaloniki, 1930, p. 11

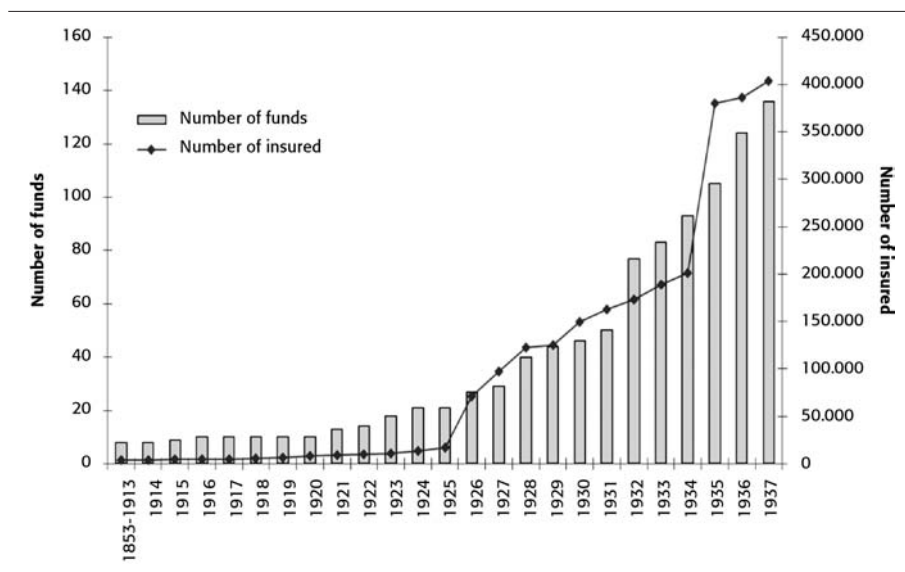
²⁴ A. Liakos, *Work and politics*, *passim*.

²⁵ K. Doukakis, *The institutional development*, vol. 1, *passim*.

²⁶ G. Provopoulos, *Social insurance, macroeconomic aspects of the financing problem* (in Greek), Athens, 1987, p. 22.

universal coverage for salaried employees, though not including farmers. It also comprised regulations that shaped not only the insurance organisation to be established but the institution of social insurance in general.²⁷ Consequently, besides the rapid increase in the number of the insured, in the late 1940s there was a basic model of social insurance characterised by a structure favouring occupational corporatism and clientelism,²⁸ fragmentation, complicated and often conflicting legislation,²⁹ and insufficient and unequally allocated financial resources and benefits.³⁰

CHART 1
Insurance funds and insured population



Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 1.1.

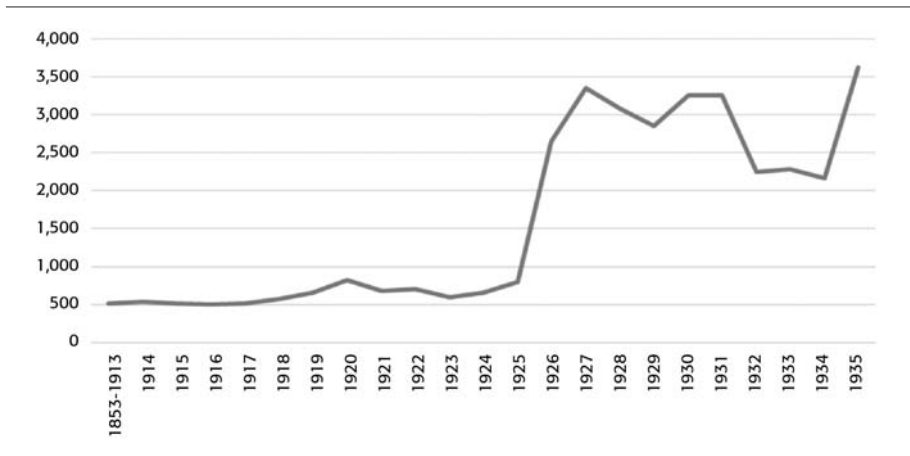
²⁷ Law 6298 / 1934 on “Social insurance” (in Greek), in *Government Gazette*, Athens, 1934, p. 2176.

²⁸ A. Liakos, *Work and Politics*, pp. 531-533.

²⁹ S. Rombolis, “Mobilizing savings and social protection in Greece” (in Greek), in G. Sapounas (ed.), *Mobilizing savings and social protection in Greece* (in Greek), Athens, 1989, p. 155.

³⁰ International Labour Organisation, *Labour problems in Greece*, Report of the mission of the International Labour Office to Greece, Geneva: I.L.O. 1949, pp. 180-181; N.X. Stam-atopoulos, *Insurance, towards a general social insurance* (in Greek), (Athens 1948), p. 16.

CHART 2
Average number of insured persons per insurance fund (1853-1933)



Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 1.1.

C. *The new ideological approach. From Bismarck to Beveridge (1951-1977)*: As a result of the analyses and proposals formulated to deal with the ominous state of the social insurance funds, the law for Compulsory Social Insurance (Law 1846/1951) was voted under Prime Minister S. Venizelos. The preamble stated the ideas behind the new institutional framework. With this law, the state abandoned the “Bismarck type” social insurance model and in its place adopted one “in the spirit of Lord Beveridge”. The concepts of “abject poverty”, “need” and “family breadwinner” were linked with the provisions of social insurance. The law analysed and resolved the structural problems faced by the social insurance system, i.e. the organisational fragmentation in its daily functions, the lack of actuarial studies, the inequalities in the amount and scope of benefits provided by the various funds, and the glaring irregularities due to the unplanned use of social resources.³¹

³¹ Preamble to Law 1846/1951 on “Social insurance” (in Greek), Athens, 1951, p. 1217. Social resources are taxes aiming to help a particular insurance provider. As far as their specific nature is concerned, social resources are indirect taxes, parafiscal levies, in the sense that they are imposed on the basis of economic data that show the taxpayer’s

Under this law the main features of the social insurance system were determined by fundamental proposals. The National Social Insurance Organisation (I.K.A.) offered universal coverage for salaried employees, after the abrogation of the restrictive condition of salaried employment as primary occupation; a system of calculation of pensions that favoured the low-income segment of the insured was introduced; the range of those covered by insurance as dependents was increased, as sickness benefits in kind were extended to all the members of the family of the insured and pensioners, without exception; the method for calculating contributions was changed, and the pay-as-you-go system was adopted; finally, the tripartite financing mechanism was established.³² As far as special insurance funds are concerned, they were obliged to harmonise the framework and level of benefits with those of I.K.A.; those unable to implement this provision were to be merged into I.K.A. Mergers of this kind had a positive effect on the insured but created operational problems for I.K.A., since “the Social Insurance Organisation is not only protector of the insured in need but also protector of insurance funds in difficulty. This description was probably putting it kindly, because the process of mergers overburdened the Social Insurance Organisation with the pension benefits of 15,000 people who had never paid the corresponding contributions for them.”³³

This framework led to a series of laws in order to conclude the reform of social security: the Legislative Decree on the administration of the Social Insurance Organisation, Reform of the legislation on that as well as other related provisions (2698/1953) set minimum pension levels, determined the financing of health insurance (for

ability to pay indirectly. These taxes are incorporated into the price of the product, so they are eventually shifted from vendors to consumers, who are actually charged. See: A. Stergiou, *For a socially fair distribution of the social security funding* (in Greek), Athens, 2010, pp. 8-10, Report submitted to the Committee responsible for the reform of the social insurance system.

³² The provision for tripartite funding remained unenforced until the passage of the Law on Reform of Social Insurance and other provisions (2084/1992).

³³ D.N. Venieris, *The development of Social Security in Greece, 1920-1940: Postponed decisions*, Ph.D. Thesis - LSE, London, 1994, pp. 178-179.

benefits in money and in kind), the necessary medical equipment and the creation of the infrastructure, as well as the structure of the central administration of the Organisation and the employment conditions of workers in the Organisation. Finally, the law also paved the way for the establishment of special accounts in order to pay out allowances.³⁴

The social insurance system developed further in the 1960s and 1970s, in different political, social and economic conditions. The range of people covered increased even more when the Agricultural Insurance Organisation (O.G.A.) was established (Law 4169/1961).³⁵ Its creation posed a number of problems, such as the administrative organisation and operation of the new fund. In order to find a solution it was proposed that O.G.A. would be under I.K.A.'s administration, forming a new insurance agency of broader scope, so as to avoid high administration costs; but this plan was not realised.³⁶

The problems and the failings of the social insurance system in general have been analysed in a series of studies that share a number of theses concerning the causes: for example, the proliferation of insurance agencies and the complexity of the legal framework for their operation, the high social costs of social insurance functions, the unequal and unjust distribution of the social insurance burden and especially of social resources, the uneven coverage of the population and the mismatching between contributions and benefits, the low productivity of the administration of the various organisations, and the high costs.³⁷ It is apparent that by this time the irregularities of the system had become embedded in its operation and were highlighted in the relevant studies.

³⁴ Legislative Decree 2698/1953 "on the administration of the social insurance organisation, reform of its legislation and other related provisions" (in Greek), in *Government Gazette*, Athens, 1953.

³⁵ The new insurance organisation differed notably in financial structure, since it was funded, to a large extent, by social resources and government grants.

³⁶ D.N. Venieris, *The development*, pp. 225-226.

³⁷ Committee for Research and Organisation of Economic Planning, Basic Committee for Secondary Production, *Exploring basic problems in social insurance organisations* (in Greek), Athens, Ministry of Planning, 1959; E. Tsoukatos, "Social insurance and pen-

D. From Keynesianism to the awareness of crisis (1978-1992): The changes in the social insurance system reflected not only a rapidly changing world³⁸ but also the system's malfunctioning owing to the relation between earnings and expenditures in the various insurance funds. This period started with the passage of Law 825/1978 for the substitution, modification and completion of provisions in the legislation governing I.K.A. as well as the regulation of related issues. This law increased pensions by 22% and instituted the automatic adjustment of contributions and benefits, also incorporating the new categories of employees.³⁹ These regulations can be described as quite flexible by Greek standards, and as has been pointed out, they marked the subsequent course of the system,⁴⁰ as well as the notions on the primary functions of the state that would become entrenched.

Policies to improve benefits continued with Law 1305/1982: the minimum threshold of pensions was increased (the rates of salaries and the imputed wages of the insurance categories were now linked to the consumer price index, not the wage of unskilled workers); I.K.A.'s coverage was extended throughout the country; the range of the insured increased with the incorporation of workers who until then had not been subject to primary insurance by any other social insurance fund.⁴¹

The implementation of social policy by I.K.A. continued in 1984 with a new regulation providing a minimum pension to people who

sions" (in Greek), in *Newsletter of I.K.A.*, 2-3, 1959; L.P. Patras, *A plan for national policy of social security* (in Greek), Athens, 1969, *passim*.

38 From the mid-1970s, especially after the OECD report on the crisis of the welfare state, matters of social policy entered a new course. T. Sakellariopoulos, "In search of a new welfare state" (in Greek), in T. Sakellariopoulos (ed.), *The reformation of the welfare state* (vol. I) (in Greek), (Athens 2004), pp. 13-27; Scientific Committee of Social Dialogue on Social Insurance, *Report A' – Asset management* (in Greek), (Athens 1998), *passim*.

39 Law 825/1978 "on the substitution, modification and completion of provisions in the Legislation governing I.K.A. as well as the regulation of related issues" (in Greek), in *Government Gazette*, Athens, 1978.

40 G. Provopoulos, *Crisis in social insurance*, p. 19.

41 Law 1305/1982 "legislative act raising the thresholds and pensions of I.K.A." (in Greek), in *Government Gazette*, Athens, 1982; G. Provopoulos, *Crisis in social insurance*, p. 24.

had turned 65 and had worked for at least nine years; in addition, a special account was created offering voluntary insurance for Greeks of the diaspora, under the title “Special Insurance Account for Greeks Abroad.”⁴² The criteria set by the new regulations were heavily criticised, mainly because of the priority accorded to social criteria without first providing for fiscal coverage.⁴³ The criticism became even sharper with the emergence of a constantly increasing financial deficit,⁴⁴ while attempts to tackle it involved bank credit and not state funding, pursuant to Article 3 of L.D. 465/1970. The situation quickly got out of hand, and in 1985 it was more than clear that the problem of social security was not conjunctural but structural, and corrective intervention by the state was absolutely required.⁴⁵ Indeed, in its final report to the Five-Year Economic Development Programme (1983-1987), the Centre for Planning and Economic Research (K.E.P.E.) pointed out the critical condition of the social insurance system.⁴⁶

Pensions became the decisive factor in the entire social security problem, and consequently the changes resulting from alternating political parties and ministers brought forth new developments. In 1990, Law 1902/1990 “On the regulation of pensions and other related matters” aimed to increase the revenue and curb the expenditure of the social insurance funds. For this reason, provisions concerning successive insurance were amended; the issue of how to utilise the available reserves was explored; contribution rates for accident and disability, old-age and death insurance increased both for salaried employees and for employed pensioners; the threshold of

⁴² Law 1846/1984 “coverage of expats and amendments to provisions of I.K.A. and various other insurance issues” (in Greek), in *Government Gazette*, Athens, 1984.

⁴³ G. Provopoulos, *Crisis in social insurance*, p. 22.

⁴⁴ *Ibid.*

⁴⁵ P. Tinios, *Society, economy, pensions: hidden treasure?* (in Greek), Athens, 2001, p. 11; P. Tinios, *Development with solidarity: a framework for pensions in the new century* (in Greek), Athens, 2003, *passim*.

⁴⁶ K.E.P.E., *Programme of economic and social development (1983-1987)*, Athens, 1985, pp. 193-195.

working days required for old-age pension eligibility was gradually raised, as were the age limits for pensions for specific categories. Provisions to contain social security tax (contribution) evasion were introduced, while for the settlement of debts the “Appeals Committee for Taxing and Hazardous Occupations” acted as an advisory party on inclusion in various funds of certain workplaces and categories of employment (I.K.A., Public Power Corporation, etc.).⁴⁷ This legislative output was accompanied by new studies and divergences among members of committees or members of government, though without significant differences as regards the root of the problem but posing a dilemma as to its resolution.

The report by K.E.P.E., the findings of the Scientific Committee that was established by agreement between the state and the social partners in order to pursue the reform of the social insurance system,⁴⁸ the “Conclusions” of members of the Scientific Committee who left in the course of the proceedings,⁴⁹ as well as the reports made up to 2005, based their analysis on a distinction between extraneous and intrinsic problems (Table 2). Despite certain differences, all the studies listed as extraneous the following problems: the economic crisis, the worsening ratio of insured employees to pensioners, the high unemployment rate. Intrinsic problems included the large number and complexity of the laws, the unequal allocation of social resources and the limited implementation of the contributory principle. Finally, it is a commonplace that the social insurance problem is not exclusive to Greece but also plagues several other European countries.⁵⁰

⁴⁷ Law 1902/1990 “regulations of pensions and other related matters” (in Greek), in *Government Gazette*, Athens, 1990.

⁴⁸ *Report of scientific committee for the reform of social insurance system in Greece* (in Greek), Athens, 1992, p. 1. The report became known as the “Fakiolas Report”, from the name of its chairman, Rosetos Fakiolas, Professor of Economics at N.T.U.A.

⁴⁹ P. Petroulas, S. Rombolis, C. Roupakiotis, *Report on the reform of the social insurance system* (in Greek), January 1992.

⁵⁰ OECD, *The welfare state in crisis: an account of the Conference on social policies in the 1980s*, Paris, 1981, *passim*.

TABLE 2
Identification of the problems in the Social Insurance System
according to related studies and findings

Problems in the Social Insurance System and causes	Studies and findings on the Social Insurance System (1983-2008)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Extraneous problems</i>								
1. Economic crisis	√	√	√	√		√	√	√
2. High unemployment		√	√	√				
3. Worsening ratio pensioners/insured, due to unemployment and demographics, i.e. population ageing		√	√	√	√	√	√	√
4. The aggregation of debts incurred by the state and state-controlled economic activities vis-à-vis insurance organisations	√		√	√				
5. The lack of coverage for new forms of employment and generally the lag in extending coverage to uninsured segments of the population			√		√	√		
6. The significant delays in quantitative and qualitative extension of coverage, especially by I.K.A., throughout the country and all the categories of workers			√					
<i>Intrinsic problems</i>								
1. Fragmentation of organisations	√	√	√	√	√	√		
2. Proliferation of laws	√	√						
3. Unequal distribution of social resources	√	√		√		√	√	√
4. Non-actuarial approach to benefits and contributions	√	√		√	√			
5. Contribution evasion	√	√	√	√				
6. Mismatch between benefits and contributions	√	√	√		√	√	√	√
7. Unequal insurance coverage for employees	√	√	√					
8. Unskilled personnel	√			√	√	√		
9. Low rate of computerisation of insurance archives	√		√	√		√		
10. Limited implementation of the contributory principle	√		√	√				

(continued)

(continued)

TABLE 2
Identification of the problems in the Social Insurance System
according to related studies and findings

Problems in the Social Insurance System and causes	Studies and findings on the Social Insurance System (1983-2008)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Causes of extraneous problems</i>								
1. Non-implementation of statutory tripartite funding until 1992	√	√	√	√				
2. Keeping reserves of insurance funds in banks at negligible interest	√	√	√	√				
3. National policy implementation through insurance organisations	√	√		√			√	
4. Development policy implementation through contribution exemptions, contribution reimbursements, etc.		√		√				
5. Social policy implementation through the insurance organisations without subsidies from the state budget	√	√		√				
6. Distorted application of the consecutive insurance coverage system	√	√					√	
7. Deficient insurance funds borrowing from banks at high interest, while the reserves of other insurance funds were kept by the same banks at very low interest	√	√	√	√				
8. Pre-election promises, facilities and commitments				√				
<i>Causes of intrinsic problems</i>								
1. Non-recovery of late contributions and various settlements of related arrears, giving many workers an incentive not to pay their contributions	√	√				√		√
2. Obsolete system of certifying and collecting contributions	√	√	√	√				
3. Reckless expansion of "taxing and hazardous occupations"	√			√				
4. Merging deficient insurance funds into large insurance organisations	√			√				

(continued)

(continued)

TABLE 2
Identification of the problems in the Social Insurance System
according to related studies and findings

Problems in the Social Insurance System and causes	Studies and findings on the Social Insurance System (1983-2008)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
5. Women's inclusion in employment and coverage				√		√	√	√
6. Reducing the minimum criteria for pensions	√			√	√	√	√	√
<i>Causes of wider repercussions</i>								
1. Population ageing	√	√		√	√	√	√	√
2. Economic crisis	√	√	√	√	√	√	√	√
3. Shadow economy	√	√		√				
4. Inflation	√			√				
<i>Findings and reports</i>								
(1) Economic and Social Development Programme (K.E.P.E., 1983-1987)								
(2) Findings on Social Insurance (report by P. Petroulas, 1990)								
(3) Report on the reform of the Social Insurance system (P. Petroulas, S. Rombolis, C. Roupakiotis, January 1992)								
(4) Report of Scientific Committee on the reform of the Social Insurance system in Greece - The Fakiolas Report (May 1992)								
(5) Study of the Social Insurance system by K. Papalexis (1994)								
(6) The Spraos Report (1997)								
(7) The Giannitsis Proposal (2001)								
(8) Actuarial projection results of the National pension schemes of IKA, OGA, OAEE and Public Servants as of 31 December 2005, I.L.O. (2005)								

At government level, a few months after the completion of the findings of the Scientific Committee, the draft law for "Reform of the Social Insurance System and other provisions" (2084/1992) introduced a broad framework for reform and changes in the insurance status of a large segment of the working population in both public and private sectors. It also paved the way for new studies and regulations, such as the distinction between the "new" and "old" categories of insured employees.

E. The search for a new strategy of social insurance (1993-2008): A new Committee was created in 1994 to study the social insurance

system.⁵¹ It came to conclusions similar to those of earlier studies and reports, but also deemed that the distinction between “new” and “old” categories of insured employees had a distorting effect. The Committee proposed that uniform, rational rules be instituted to deal with insurance risks. Accordingly, the need was to adopt universal age requirements for pension entitlement and a method for calculating pensions and benefits for everyone covered by all insurance funds regardless of sex and without discriminating between old and new categories. The Committee argued that these measures could serve to close the gender gap created by Law 2084/1992 and correct the system-wide imbalance between revenues and the conditions and amount of benefits.⁵²

The proposals of this Committee kept the “dialogue” on matters of social insurance alive, despite the fact that in the period 1994-1996 the cancellation of the social insurance funds’ debts to the banks was accompanied by positive fiscal developments that created a temporary calm,⁵³ which came to an end in 1996 because of pressure to restore the purchasing power of pensions, which had decreased since 1990. In order to tackle this problem, the government introduced “Policy measures on employment and vocational education and training and other provisions” (Law 2434/1996), with a special article providing for a Solidarity Allowance (E.K.A.S.)⁵⁴ for people receiving old-age pensions, disability pensions and war survivors’ pensions from the main insurance funds under the Ministry of Employment and Social Security and the Navy Retirement Fund (N.A.T.), with the exception of O.G.A., and those receiving pensions under special circumstances.⁵⁵

⁵¹ *Report of the committee for the study of social insurance system* (in Greek), Athens, 1994, p. 1.

⁵² *Ibid.*, pp. 7-8.

⁵³ P. Tinios, *Society, economy*, p. 64.

⁵⁴ Law 2434/1996 “policy measures on employment and vocational education and training and other provisions”, in *Government Gazette*, Athens, 1996, esp. artic. 20.

⁵⁵ It has been pointed out that E.K.A.S. represented the first successful use of the resource control method (focus on needs) in the Greek social insurance system. It can be

Yet the problems remained, and a new social dialogue on the social insurance reform began in 1997, when an independent “Scientific Committee of Social Dialogue on Social Insurance” was set up by representatives of the government and experts representing the social partners.⁵⁶ In October 1997, before this Committee’s findings were published, the second report of the Committee for the Examination of Long-term Economic Policies (established in October 1996) was released;⁵⁷ the report, entitled “Pensions and the Economy—Contribution to Social Dialogue,” bore directly on the social insurance system.⁵⁸ In the introduction it was underlined that “the major choices in insurance matters determine, above all, the kind of society that we want,” because a pension, in any kind of system, signifies a part of the production of the working population going to support consumption by those who are unable to work or disadvantaged. Pensions, that is, are social transfers, and both sides need to consent insofar as pensions are to be awarded equitably. This justified the importance of the Social Dialogue.⁵⁹

The report on “Pensions and the Economy” acknowledged that the problems with the social insurance system had arisen much earlier than objective circumstances would have suggested, owing to the fragmentation of the system, mismanagement, clientelism and unequal treatment of insured employees. The report maintained that

said that it paved the way for wider adoption of targeted benefits. See P. Tinios, *Development with solidarity*, pp. 23-25; D. Sotiropoulos, “The kaleidoscope of the welfare state in Greece” (in Greek), in M. Matsagganis (eds.), *Perspectives for the welfare state in South Europe* (in Greek), Athens, 1999, pp. 143-144.

⁵⁶ P. Tinios, *Society, Economy*, p. 10.

⁵⁷ The Committee was set up on order of the Prime Minister to examine macroeconomic policy in view of the need for consistent application of the convergence program with the economies of the other EU members. See: Committee for the examination of macroeconomic policy, *Pensions and the economy. Contribution to the social dialogue* (in Greek), Athens, 1997, p. 1.

⁵⁸ Articles 1-8 of the Prime Minister’s decision “Establishment of Committee for the examination of macroeconomic policy” (in Greek), in *Government Gazette*, Athens, State Printing house, 1996. It is also mentioned in the Greek bibliography as the “Spraos Report”.

⁵⁹ Committee for the examination of macroeconomic policy, *Pensions and the economy*, p. vii.

the primary issue was the demographic transition and recommended that the government focus its reform effort on this question, in social insurance and in other fields as well (the labour market, education, health). As far as other social security problems were concerned, the report proposed measures to ensure equal treatment of the insured population and smooth partnership between social insurance and welfare.

The Committee on Social Dialogue published its findings in April 1998. It emphasised the issues of contribution evasion, the potential revenue generated by the insurance funds' holdings of securities, liquid assets and real estate, the services provided to insured employees, administrative simplification of both coverage and benefits, non-contributory benefits, and the streamlining of health insurance. Actually, the report represented a list of additional problems. To deal with them, the Committee proposed management and operational measures, such as expert advice in financial matters to improve the funds' asset management; for real estate, it also highlighted problems in legal, economic and managerial operations, and town planning. Finally, it called for operational modernisation (computerisation, automating services, one-stop office for information), the use of technology to combat contribution evasion, and cooperation between the health sectors of all the insurance funds.⁶⁰

Tackling the problem of social insurance was urgent. Violent reactions to the so-called "Spraos Report" forced the government to postpone the debate on the problems of social insurance and instead to adopt a series of minor interventions involving operations, the so-called "mini-insurance law."⁶¹ This was the "Law on Organisational and operational restructuring of social insurance agencies and other provisions" (2676/1999), the most significant provisions of

⁶⁰ *Scientific Committee of Social Dialogue about Social Insurance, Findings and essays* (in Greek), Athens, 1998, pp. 5-13.

⁶¹ M. Matsagganis, "Unfinished reform: the welfare state and the modernization of society" (in Greek) in D. Venieris and Ch. Papatheodorou (eds.), *Social policy in Greece, challenges and perspectives* (in Greek), Athens, 2003, p. 151.

which were influenced by the findings of the Social Dialogue Committee and, where structural reform was concerned, by the “Spraos Report.”⁶²

The reform drive did not come to a halt, however, and in 2001 the Ministry of Employment and Social Insurance published a brief report entitled “Reform of the Social Insurance System,” also known as the “Giannitsis Proposals,” after Tasos Giannitsis, minister and professor at the University of Athens. His proposals followed those of the “Spraos Report” to rationalise the internal operations of the system and combine the contributory character of social insurance with solidarity policies. But the hostile reaction of the trade unions resulted in their withdrawal.⁶³ Another effort to liberate the social insurance system was suspended, and the rapporteur was forced to resign as minister. A year later (March 2002), after meetings with union and employer representatives, a text known as “the Reppas Points,” from the name of the minister in charge, was published. The changes advocated concerned only salaried personnel and the reinforcement of the statutory tripartite funding (with state contribution of close to 1% of GDP); most of the other issues were referred to the social dialogue framework.⁶⁴ After a sterile debate (during which the joint call for actuarial studies by the Employment Institute of the General Confederation of Greek Workers and British Actuaries was shelved), in early June 2002 the government presented a new draft law. Once again it was emphasised that the system’s fragmentation aggravated and perpetuated the significant inequalities between groups of employees. Discrimination between the two categories of the insured population (Law 2084/1992) was again stressed as a problem of internal contradiction and inconsistency,⁶⁵ but the pro-

⁶² Scientific Committee of Social Dialogue about Social Insurance, *Findings and essays, passim*; Committee for the examination of macroeconomic policy, *The economy and pensions* (in Greek), pp. xii-x.

⁶³ M. Matsagganis, *Unfinished reform*, pp. 151-152.

⁶⁴ *Ibid.*, pp. 154-155.

⁶⁵ Preamble to draft law “reform of the social insurance system” (in Greek), Athens, Ministry of Social Insurance, 2002, n.p.

visions of the draft law did not include changes to age requirements for pensions in general, and some categories enjoyed lower retirement ages.⁶⁶ The law was voted with a few amendments, most notably the change from automatic to voluntary merger of the special funds with I.K.A.⁶⁷

The period that followed the passage of Law 3029/2002 was characterised by intensive political debate over the future and the stability of the social insurance system. A series of specific reports from the I.L.O. (2008) and the Greek Actuarial Authority (2006 and 2008) revealed, yet again, that the Greek social insurance system was not viable and that by 2030 the annual deficit would come to 10% of GDP.⁶⁸ Six years later, Parliament voted Law 3655/2008, “Administrative and organisational reform of the social insurance system and further actuarial regulations”, with three main objectives:

- a) merging 133 social insurance funds to form 13 new organisations, plus one organisation for public employees, in order to tackle the funds’ structural problems and minimise administrative and operational costs;
- b) overcoming the negative effects of the demographic problem by encouraging older employees to keep working and mitigating the disparities in retirement age;
- c) establishing the “Insurance Fund Solidarity for Future Generations” in order to secure the necessary resources for future pensioners.

Law 3655/2008 was the last social insurance law passed by the Greek parliament before the era of memorandums, and it reflects the Greek state’s longstanding approach to dealing with the difficulties

⁶⁶ M. Matsagganis, *Unfinished reform*, pp. 154-155.

⁶⁷ Law 3029/2002 “reform of the social insurance system” (in Greek), in *Government Gazette*, Athens, 2002, artic. 4-6.

⁶⁸ Actuarial projection results of the National pension schemes of IKA, OGA, OAEE and Public Servants as of 31 December 2005. Geneva: I.L.O. 2005, *passim*; *Projection of income and expenses of IKA and TEVE*, Athens, Greek National Actuarial Authority 2006, *passim*; *Projection of income and expenses of IKA and TEVE*, Athens, 2008, *passim*.

of the social insurance system, namely the adoption of minor interventions that do not affect the interests of particular social groups.⁶⁹

Sustained inequality

The battle waged through laws, committees and lobbyists in the second half of the 20th century is reflected especially in the development of the social insurance system, and primarily in the reverberation of ideas of social solidarity. In all the preambles to the main social security laws (Law 6298/1934, Law 1846/1951, Law 2084/1992, Law 3029/2002, Law 3655/2008), in all the findings of committees, and in the reactions of interest groups, a constant preoccupation was the inequalities between the different social insurance funds. The inequalities identified in the official documents involved mainly contribution and benefit rates, without reference to detailed quantitative data for each fund that could prove, in a long-term analysis, the inequalities between groups of insured population. In this paper we strengthen the analysis of the social insurance system through quantitative analysis of budgetary data from statistical series based on social budgets.⁷⁰ We sorted the main social insurance organisations (36 main social insurance organisations, covering 98% of the directly and indirectly insured and pensioners) by occupational category and analysed the expenses,⁷¹ cumulative deficits and the ratio of the insured to pensioners. The objective is to ascertain whether the reforms have indeed achieved their goal, or whether instead they have served as a veil of ignorance, contributing to the maintenance of a status quo of inequality beneficial for certain occupational groups.

The shares of per capita expenses in various occupational categories (Chart 3) reveal striking differences over a period of forty

⁶⁹ K. Doukakis, *The welfare state*, vol. 1, *passim*.

⁷⁰ K. Doukakis, *The institutional development of social policy*, vol. 1 & vol. 2, *passim*.

⁷¹ The prices have been deflated using the deflator for 2005 provided by the Bank of Greece.

years between occupational groups.⁷² The funds of bank employees, the public sector and the press have notably higher shares (benefits in money, benefits in kind) than I.K.A., O.G.A., the self-employed and freelancer funds.

This malformation can hardly be justified. For the funds of the broader public sector, their economic trajectory (Charts 4 and 5) and their demographics (Chart 12) cannot justify such a high level of benefits, especially when a significant share of their revenues comes from social resources.⁷³ For bank employees and the press, we can assume that in view of their surpluses (Charts 6 and 7) they can provide their members with a high level of benefits. But these surpluses too derive mainly from social resources,⁷⁴ insofar as these categories have been most highly favoured in the allocation of social resources.⁷⁵ In parallel, we observe large surpluses for the freelancer insurance funds (Chart 8), which arose for three reasons: the reasonable level of benefits (Chart 3), the significant contribution of social resources to their revenue,⁷⁶ and their demographics, with a high ratio of insured to pensioners (Chart 12).

⁷² This chart shows for every year from 1969 to 2007 the share of yearly per capita expenses/benefits for every insurance institution. The shares relate to the total of yearly per capita expenses of all institutions. Thus, this chart shows comparatively for every year the benefits of every institution controlling for its size. This kind of chart is highly effective in field analysis, as Koskinas demonstrates in his analysis of international trade. See N. Koskinas, *The waves of globalisation in international trade relations, 19th-20th c.* (in Greek), Ph.D. thesis, Panteion University, Athens, 2016, *passim*, available at www.didaktorika.gr. See also a summary in N. Koskinas, "The nation state as an agent in international trade structure of a globalizing world economy (19th and 20th century)", in *Economic Sociology The European Electronic Newsletter*, no 17:3, 2016, pp. 556, available at <http://econsoc.mpifg.de>.

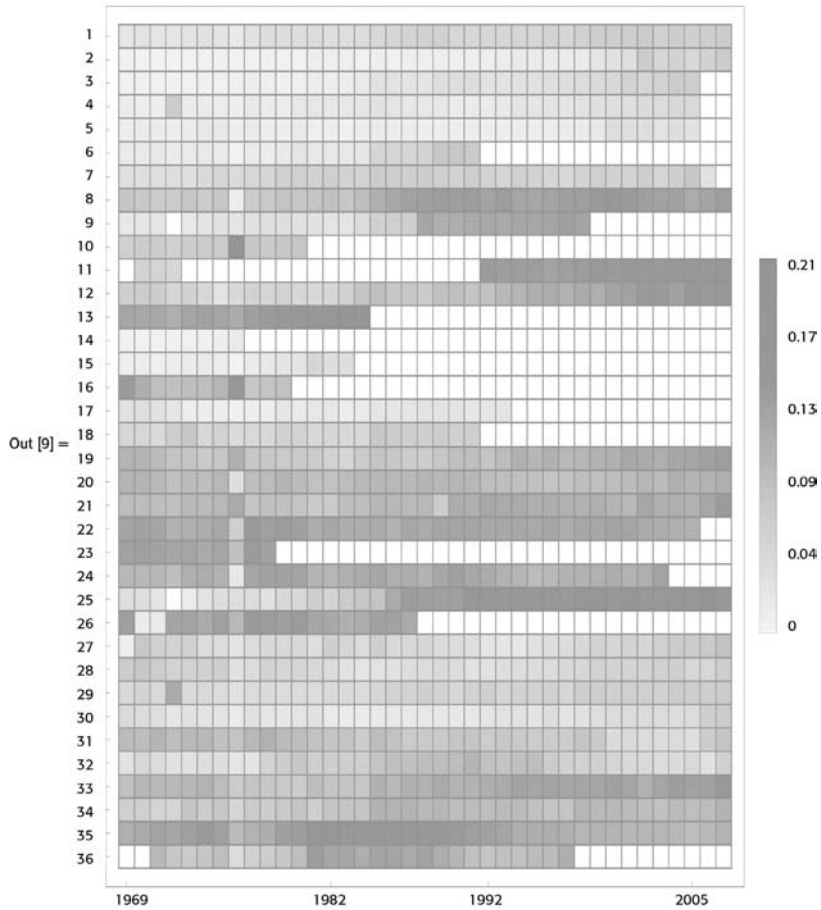
⁷³ *Report of Scientific Committee for the Reform of Social Insurance System in Greece*, pp. 24-27.

⁷⁴ *Ibid.*, pp. 24-26.

⁷⁵ *Ibid.*, pp. 24-27.

⁷⁶ A. Stergiou, *For a socially fair distribution of the social security funding*, pp. 10-14.

CHART 3
Shares of per capita expenses of 36 social insurance funds



Notes

1	Social Insurance Institute (I.K.A.)	Private Sector Salaried Staff
2	Agricultural Insurance Organisation (O.G.A.)	Farmers
3	Drivers Pension Fund	
4	Tradesmen and Craftsmen Insurance Fund (T.E.V.E.)	Self-Employment Insurance Funds
5	Merchants Insurance Fund	(4 funds)
6	Typographers Pension Funds	

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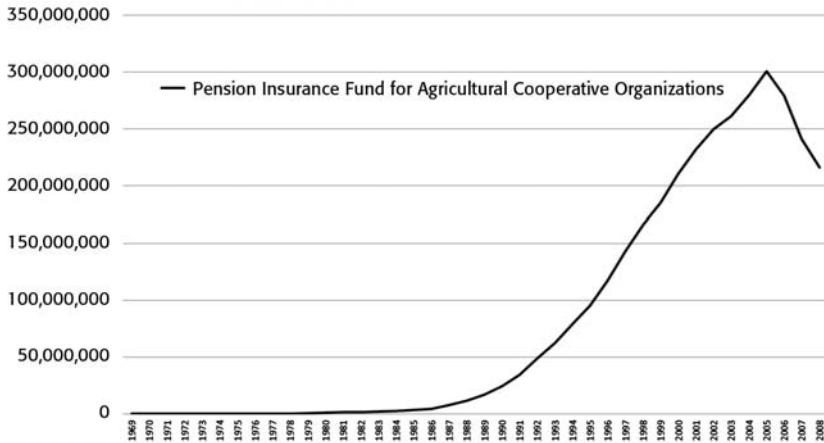
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CHART 3
Shares of per capita expenses of 36 social insurance funds

7	Pension Insurance Fund for Agricultural Cooperative Organisations	
8	Athens-Piraeus Electric Railways Personnel Trust Fund	
9	EYAGGELISMOS Hospital Staff Pension Fund	
10	Monopoly Management Personnel Insurance Fund	
11	Public Power Corporation Personnel Insurance Service (D.E.H.)	
12	Hellenic Telecommunications Personnel Organisation Insurance Fund (O.T.E.)	Public Sector Insurance Funds (12 funds)
13	Insurance fund of the Personnel of the Electric Company of Athens-Piraeus	
14	Rural Police Pension Fund	
15	Pension Fund of Community Servants	
16	Pension Fund for the Staff of Chambers of Commerce and Industry	
17	Clerical Insurance Fund	
18	Customs Clearance Insurance Fund	
19	Pension Fund for the Personnel of the Insurance Company of the National Bank	
20	National Bank Staff Pension Fund	
21	Pension Fund for the Personnel of Bank Of Greece and of Real Estate Bank	Public and Private Banks Insurance Funds (7 funds)
22	Agricultural Bank Staff Pension Fund	
23	Former Bank of Athens Staff Pension Fund	
24	Ionian and Popular Bank Staff Pension Fund	
25	Greek Industrial Development Bank Staff Pension Fund	
26	Securities Broker Insurance Fund of Athens Stock Exchange	
27	Insurance Fund of Legal Practitioners	Freelance Professionals Insurance Funds (5 funds)
28	Insurance Fund of Medical Personnel	
29	Insurance Fund of Engineering and Public Works Contractors	
30	Insurance Fund for Maritime Agents and Employees	
31	Athens – Thessaloniki Press Employees Insurance Fund	
32	Press Owners Insurance Fund	
33	Athens Newspaper Agents Insurance Fund	Insurance Funds of Press employees (6 funds)
34	Thessaloniki Newspaper Agents Insurance Fund	
35	Insurance Fund of Press Technicians	
36	Insurance Fund of Thessaloniki Press Employees	

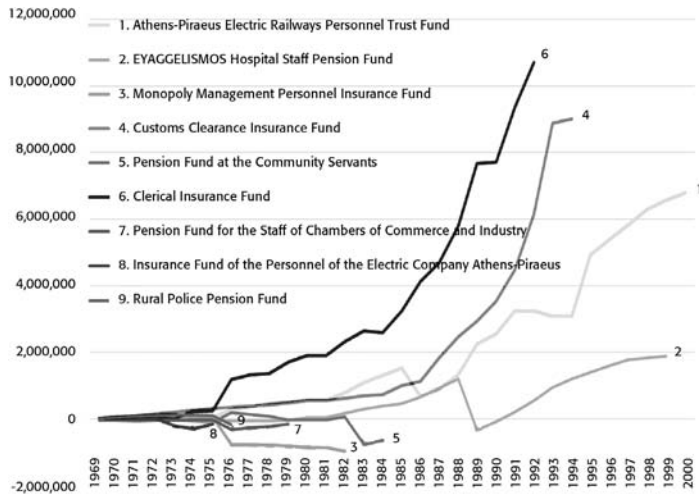
Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.2.

CHART 4
Public Sector Insurance Funds
Cumulative deficit, constant prices in euros (1969-2008)



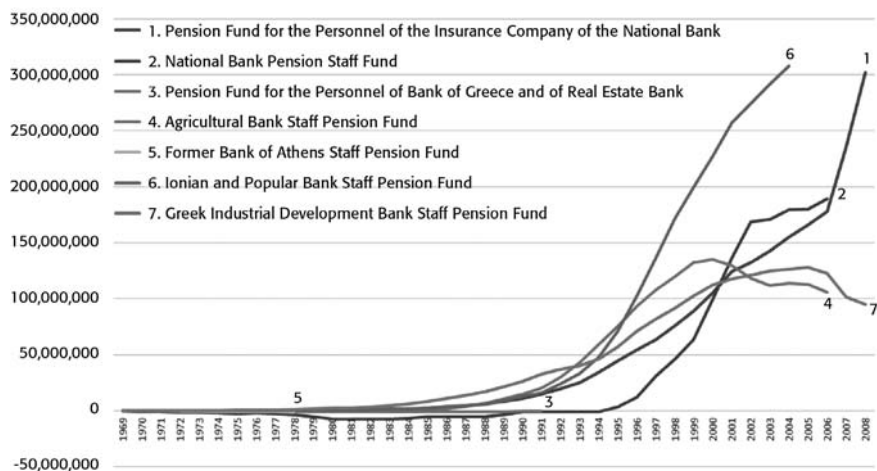
Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.3.

CHART 5
Public Sector Insurance Funds
Cumulative deficit, constant prices in euros (1969-2008)



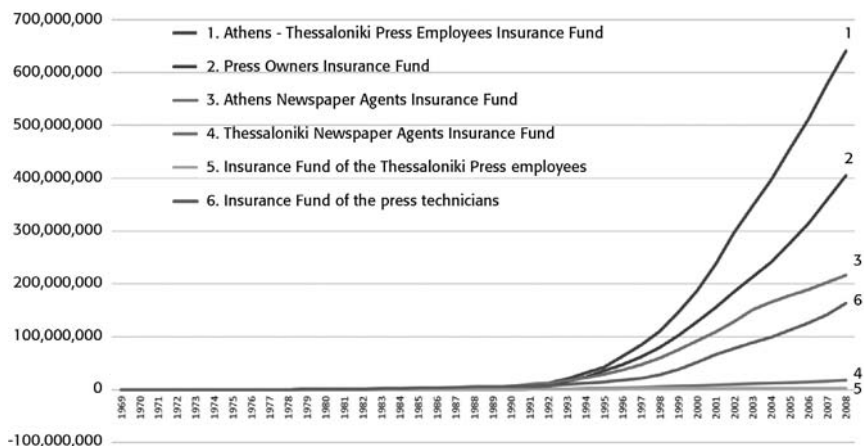
Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.3.

CHART 6
Public and Private Bank Insurance Funds
 Cumulative deficit, constant prices in euros (1969-2008)



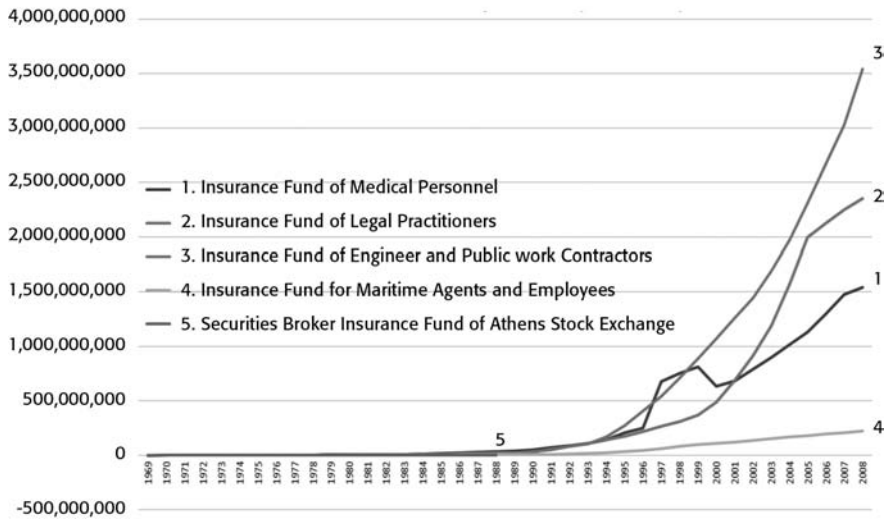
Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.3.

CHART 7
Insurance Funds of Press Employees
 Cumulative deficit, constant prices in euros (1969-2008)



Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.3.

CHART 8
Freelance and Professional Insurance Funds
Cumulative deficit, constant prices in euros (1969-2008)



Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.3.

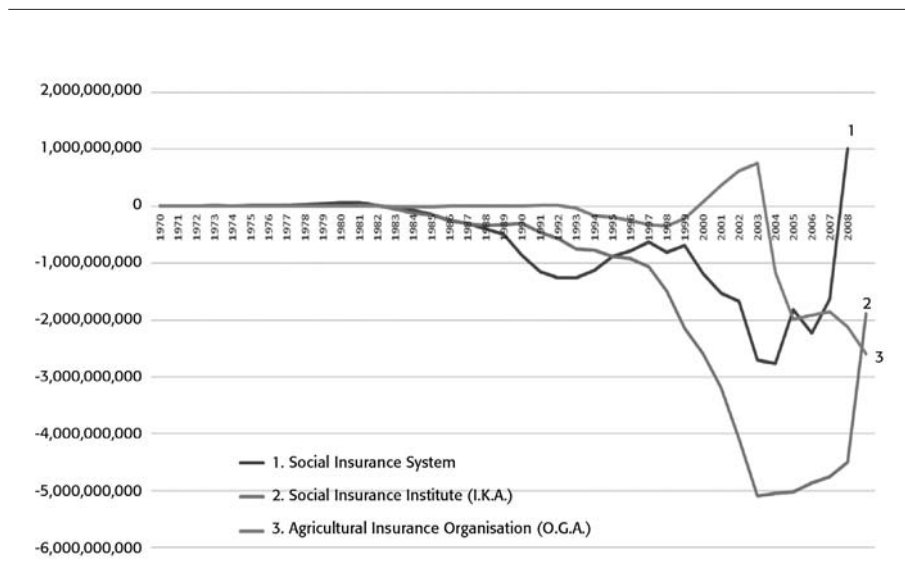
By contrast, I.K.A., O.G.A. and the funds for self-employed workers – the overwhelming majority of the insured population – more than 90% in the forty years covered here (Chart 11) – had to cope with serious structural problems to serve the general interest (for instance, mergers of funds in deficit into I.K.A. burdened that fund alone, not the entire social insurance system or the government budget)⁷⁷ and paid comparatively low benefits (Chart 3). At the same time, they accumulated enormous deficits (Charts 9 and 10) for a series of reasons mentioned above (See Table 2). It is no coincidence that social resources contribute significantly less to the revenue of I.K.A. and O.G.A. than to the funds of press employees, bank employees, freelancers, and the broader public sector.⁷⁸

⁷⁷ K. Doukakis, *The welfare state*, chapter 5, esp. pp. 402-436.

⁷⁸ *Report of Scientific Committee for the reform of social insurance system in Greece*, pp. 24-27, and A. Stergiou, *For a socially fair distribution of the social security funding*, pp. 11-14.

Undoubtedly, the allocation of social resources was abnormal, and this has been pointed out as far back as 1959⁷⁹ and in a series of studies since.⁸⁰ This anomaly was maintained until 2014.⁸¹ Since 2014, with the passage of the appropriate legislation, social resources have begun to be abolished.

CHART 9
Cumulative deficit, constant prices in euros (1969-2008)



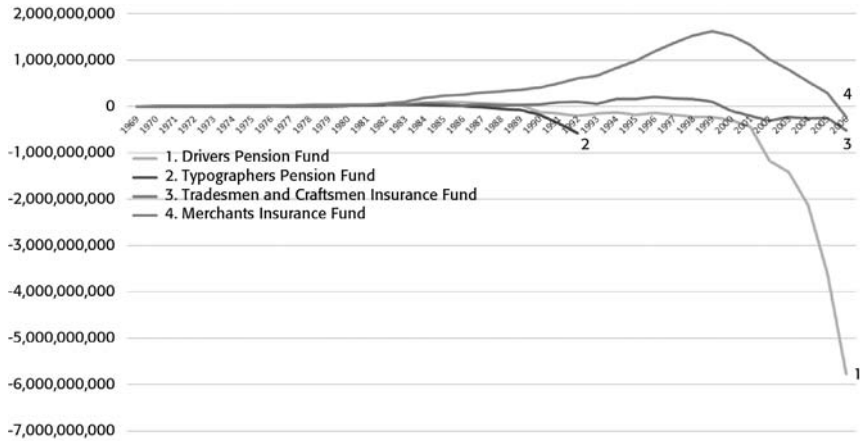
Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.3.

⁷⁹ E. Tsoukatos, "Social insurance and pensions" (in Greek), *Newsletter of I.K.A.*, 2-3 (1959)

⁸⁰ *Report of Scientific Committee for the Reform of Social Insurance System in Greece*, *passim*, and A. Stergiou, *For a socially fair distribution of the social security funding*, *passim*.

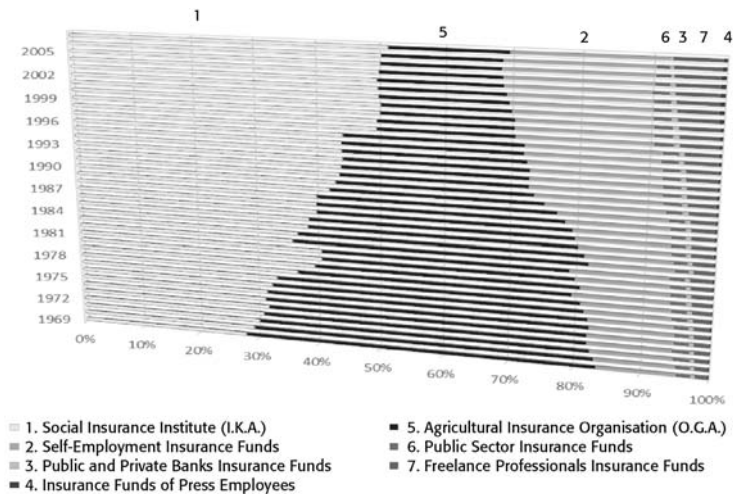
⁸¹ The sole regulation on the matter of social resources, until 2008, was the introduction of L.A.F.K.A. (Law 2084/1992, Article 67): "For each year, starting in 1993, 1/8 of the social resources earned by social insurance organisations shall be revenue for the Solidarity Account of Social Security Bodies and shall be assigned to it by the relevant bodies, branches or accounts". The creation of L.A.F.K.A. aimed to support the social insurance organisations in deficit.

CHART 10
Self Employment Insurance Funds
Cumulative deficit, constant prices in euros (1969-2008)



Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.3.

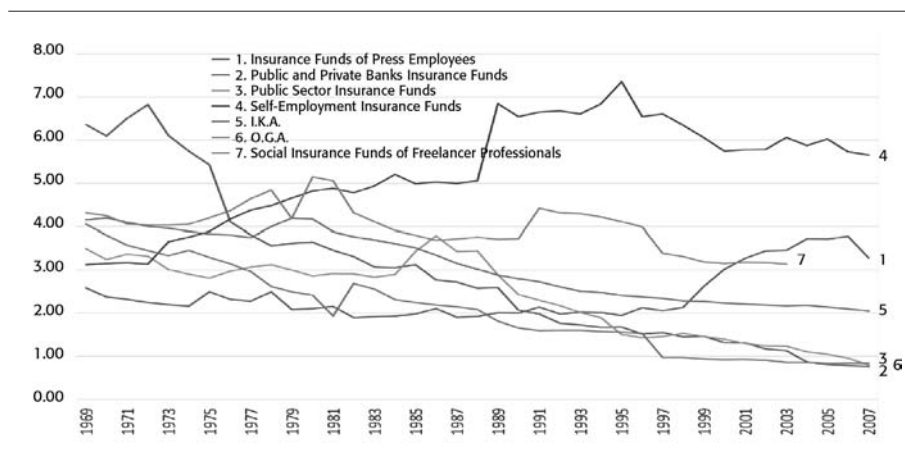
CHART 11
Insured population (1969-2008)



Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.5.& table 3.6.

The problematic situation of the social insurance system, as we have seen, was treated mainly as a cash deficit that was rendered acute by adverse demographic trends (extensive references to the demographic problem date back to the 1980s; see Chart 13). Accordingly, the uneven distribution of insurance charges and benefits was covered up, and despite the reforms, the inequalities remained, as our quantitative analysis has demonstrated.

CHART 12
Active insured workers per pensioner (1969-2008)



Source: K. Doukakis, *The Institutional Development of Social Policy*, vol. 2, table 3.6.

To summarise, from the foundation of the modern Greek state to 2008, the social insurance system confined the concept of solidarity to the inner recesses of occupational sectors, and the entire system operated behind a veil of ignorance,⁸² maintaining the inequalities between occupational groups for over 40 years. A theoretical question, but one with practical consequences, is whether the Greek social insurance system as it has evolved incorporates and perpetuates the

⁸² This veil allows certain interest groups to privatise a part of the welfare state. P. Tinos, "The private welfare state. Nationalisation for the 21st century" (in Greek), in M. Matsagganis (ed.), *Perspectives for the Welfare State in South Europe*, pp. 198-204.

concepts of reciprocity and solidarity in conditions of malformation.⁸³ A still unanswered question for future research is how much and in what way the middle class influenced and contributed to the creation and the evolution of the institution of social insurance in Greece.

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