

# SUPPORT FOR THE UNEMPLOYED IN A FAMILISTIC WELFARE REGIME: THE CASE OF GREECE<sup>1</sup>

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## **Introduction**

This chapter explores welfare support for the unemployed in Greece and its role in the reproduction of the Greek welfare regime. It consists of four sections. The first section provides a conceptual framework for the concepts of ‘the welfare system’ and ‘welfare regime’, as well as an alternative conceptualization of ‘passive’ and ‘active’ labour market policies. The second section examines the structure of employment and unemployment in Greece in the light of the economic restructuring that the country currently is experiencing. The third section examines the state’s response to the increase in unemployment and the policies that aim to support the unemployed both in terms of their income and their opportunities to find employment. The fourth section explores in more detail the policies for income support for the unemployed and offers a comparative evaluation of the income packages available to different types of households experiencing unemployment. The analysis ends with some reflections on the character of the Greek welfare regime and the role of unemployment compensation.

The argument presented in this chapter is that the levels of welfare support for the unemployed in Greece are extremely low by international standards while access to them is restricted to only small numbers of this group. Against this background, it appears that for the majority of unemployed people it is the family that acts as the main factor behind their decommodification, i.e. their survival outside the market on some minimum living standard. This, in turn, reinforces and reproduces the familistic character of the Greek welfare regime, highlighting the important economic function that the family unit is called to play in a period of rapid economic and social change.

## **Conceptual framework: welfare regimes and unemployment compensation systems**

Historically, the establishment of unemployment compensation systems are linked to the emergence of welfare *statism*, i.e. the involvement of the state in the provision and distribution of welfare in national market economies during the 20<sup>th</sup> century. Analytically speaking, welfare statism comprises two elements, a welfare *system* and a welfare *regime*. The former refers to the system of institutions regulating the production, distribution and consumption of welfare in a capitalist nation-state. An unemployment compensation system is a constituent part of its respective national *welfare system*.

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Further, a welfare system is embedded in - and reproduces - its respective national *welfare regime*. As Taylor-Gooby (1996, p.200) puts it, a *welfare regime* is ‘a particular constellation of social, political and economic arrangements which tend to nurture a particular welfare system, which in turn supports a particular pattern of stratification, and thus feeds back into its own stability’. More specifically, a welfare regime can be seen as the mode of politico-economic governance that institutionalizes the roles of the state, market, family and the voluntary sector in the production, distribution and consumption of welfare in a capitalist nation-state. In this context, a welfare regime comprises both the power differentials between socio-economic groups and classes and the hegemonic cultural/historical discourse within which these differentials are legitimized. Indeed, as Kemeny argued, it is precisely because ‘[the] differential structuring of power relationships between classes in modern societies is a political and policy making process’ (Kemeny, 1995, p. 89) that distinct types of welfare regimes can be analytically differentiated.

Moreover, the reproduction of a particular type of welfare regime is influenced by the international politico-economic environment, i.e., the supra-national and/or global politico-economic structures and processes that are exogenous to capitalist nation-states. The importance of these forces and pressures in shaping the developmental trajectories of welfare regimes is, as we know, a subject of intense debate. Suffice to say at this point that, while most commentators seem to agree on the need of welfare regimes to further re-adjust in order to sustain their fundamental character as *welfare regimes* (Esping-Andersen, 2002; Clasen, 2002; Kohli and Novak, 2001; Streek, 2001) others view such re-adjustments as leading to their fundamental transformation from *welfare* to *workfare* regimes ( Jessop, 2002)

At the heart of these debates is the emphasis on work - narrowly defined as participation in a labour market - as a means of social protection in an era of employment insecurity and ‘flexibility’. The emerging hegemonic view is that welfare states should be transformed into ‘active welfare states’ (Esping-Andersen *et al.*, 2002), which should pursue, among other things, the activation of the unemployed as a means to achieving their re-commodification (in de-regulated labour markets, we could add). Such perspectives reproduce the interpretation of the causes of unemployment and the role of labour markets that became hegemonic during the 1990s.<sup>1</sup> Namely, that unemployment is ‘a product of inflexible labour markets and welfare state’ that, combined with the lack of skills on behalf of the unemployed, places the European welfare states in front of ‘a *trilemma* between equality, employment and balanced state budgets’ (Andersen *et al.*, 2002, p.7). It is beyond the purpose of this chapter to provide a theoretical critique of these perspectives, a task that has been successfully undertaken by other authors (e.g. Standing, 2002; 2000). Nevertheless, this chapter provides empirical evidence that suggest that such perspectives have little relevance for Greece due to the particular characteristics of its labour market structure, its unemployment compensation system and its welfare regime.

In doing so, this chapter adopts a critical attitude towards the conventional differentiation between ‘passive’ labour market policies and ‘active’ labour market policies.<sup>2</sup> Throughout the chapter, these two words are placed within quotes and, when possible, an analytical differentiation between *de-commodification policies* and *re-commodification polices* for the unemployed is adopted. Indeed, this chapter perceives the adequacy of unemployment compensation as one of the key indicators of societal control over the functioning of the (labour) market.

## **The structure of employment and unemployment in Greece**

### *The structure of employment in Greece*

Greece has been, and is still, undergoing a period of intensive economic restructuring precipitated by the gradual opening of the Greek economy to European and global competition during the late 1980s and 1990s (OECD, 2002; Petmesidou, 2001). Key features of this restructuring are the reduction of employment in industry and agriculture and the rapid expansion of employment in the service sector. In particular, by 2001 the share of employment in industry was reduced to 24 per cent of total employment from 27 per cent in 1990. More dramatic was the reduction in the share of employment in agriculture. It fell from 23 per cent in 1990 to 16 per cent in 2001. The same period saw the rapid expansion of the service sector from 50 per cent in 1990 to almost 60 per cent in 2001 (European Commission, 2002a, p.177).

The structure of employment in Greece resembles that of other southern European member states, namely comparatively low activity rates,<sup>3</sup> especially of women, high levels of self-employment and very low levels of part-time employment. In particular, during the period 1990-2001, and despite increased participation by women and immigrants, the Greek activity rate remained consistently below the respective European Union (EU) average rate. By 2001 it stood at 62 per cent of the working age population, well below the EU average of 69 per cent. This was primarily due to a low female activity rate, which, although it has increased since the late 1970s, remains substantially lower than the EU average. By 2001, the women who were employed - or were actively seeking work - constituted approximately 49 per cent of women of working age. This was 11 percentage points lower than the respective EU average of 60 per cent (European Commission, 2002a, pp.173,177).

Furthermore, self-employment in Greece is more than double the EU average. In 2001 it stood at 32 per cent, compared to an EU average of 15 per cent (OAED, 2002). However, when observed across time, its share in overall employment has decreased significantly: in 1990 it stood at 38 per cent (European Commission, 2002a, pp.173,177). On the other hand, part-time employment remains well below the EU average. In 2001 it stood at 4 per cent of total employment, less than one fourth of the respective EU rate of 18 per cent, while the trend indicates a steady reduction from 1998 onwards (European Commission, 2002a, p.177).

### *The impact of economic restructuring*

The indicators above paint a picture of an economy and a society undergoing a period of rapid social and economic change. Indeed, the pace of economic restructuring accelerated during the second half of the 1990s when the government's economic policy efforts concentrated on two targets. First, meeting the criteria for Greece's participation in the European Monetary Union (EMU) and second, enhancing economic growth. Based on a series of economic austerity measures this parallel effort was eventually successful, albeit with a very high social cost. On the one hand stood the success of entering EMU, a dramatic reduction of inflation from 11.2 per cent in 1994 to 3.2 per cent in 2001 and an impressive average annual GDP growth of 3.2 per cent for the period 1994-2002 (European Commission, 2002a, p.167). On the other hand stood the dramatic increase in officially recorded<sup>4</sup> unemployment that rose from 6.4 per cent of the labour force in 1990 to almost 12 per cent at the beginning of 2000.

Nevertheless, from the year 2000 onwards the Greek unemployment rate started declining slightly and, by the end of 2002, it was approximately 10 per cent. Still, this was only partly attributable to increases in employment (see also Table 10.2), increases that were mainly in the construction industry and mostly in low paid, low skilled jobs. Data from a Greek National Statistics Office report<sup>5</sup> revealed that an influential factor behind the observed decrease in unemployment rates was the reduction of labour force participation, mainly due to an increase in inactivity ('discouragement effect'). According to this report, although unemployment was reduced by 16.2 per cent (84,000 persons) during the period 1998-2003, employment increased by only 1.1 per cent, (44,800 persons). Meanwhile the inactive population increased by 8.9 per cent (approximately 39,200 persons) with a large number of inactive persons being young men. In short, unemployment in Greece remains high and is accompanied by significant increases in inactivity.

Probably the most important feature of this dramatic increase in unemployment during the last decade was the spectacular rise in female unemployment (see also Chapter 11). Historically, female unemployment in Greece has been consistently more than double that of men, a pattern that continued during the 1990s and the beginning of the 21st century. However, while male unemployment doubled during the 1990s, from 4 per cent in 1990 to almost 8 per cent in 1999 (only to drop to 7 per cent in 2001), this amounted to less than half the increase in female unemployment. The latter rose much faster, from about 11 per cent in 1990 to an all-time high of 18 per cent in 1999, an increase of almost 8 percentage points. Although this figure had dropped to 15.5 per cent by 2001 (European Commission, 2002a, p.177) it remains, after Spain, the second highest figure in the EU.

Education appears to have very little effect in changing this pattern of gender differentiation in the experience of unemployment. As can be observed in Table 10.1 it is only at the very ends of the educational spectrum - the very highly educated and the very low educated - that unemployment rates for men and women are similar. At all other levels, female unemployment is consistently higher, and in most cases double, that of men.

*[Table 10.1 about here]*

In addition, better education does not appear to improve one's chances in the Greek labour market. Indeed, no clear pattern is identifiable. The overall unemployment levels for the very highly educated and the non-educated are almost identical. The level of unemployment for men with only a few years of primary school education is almost half of those with doctorates and postgraduate degrees and almost the same as those with a university degree, a clear indication of the Greek labour market's buoyant demand for low skilled jobs, especially for men. Thus, lack of education appears to be a factor contributing to a high risk of unemployment only for women in Greece.

The accelerated rise in long-term unemployment was another important feature of the increase in unemployment in Greece. By the year 2000, 57 per cent of the unemployed in Greece had been without work for at least one year - the second highest rate in the EU (Eurostat, 2001). However, long-term unemployment was not experienced equally among men and women. Indeed, Greece recorded the highest levels of long-term unemployment for women in Europe, almost three times that recorded for Greek men (European Commission, 2002a, Table 13).

The increase in youth unemployment was another distinct feature. Similar to other southern EU countries, young people comprise a large proportion of the unemployed in Greece. A

report by the Greek National Labour Institute estimated that by the year 2000 almost 60 per cent of all the unemployed would be between the ages of 15-29.<sup>6</sup> By 1999, almost one in three young people aged between 15-24 (30 per cent) were officially recorded as unemployed, a rise of almost 8 percentage points since 1990. This was the third highest rate in the EU after Spain and Italy and well above the EU average of 19.6 per cent (European Commission, 2001; Eurostat, 2000a, p.13).

Furthermore, the impact from the rise in unemployment was not shared equally across the Greek regions. In 1999, 42.6 per cent of young people aged 15-24 in the region of Epirus were unemployed, compared to 15.7 per cent in the islands of the southern Aegean (Eurostat, 2000c). In terms of overall unemployment, the end of the 1990s found the regions of Epirus and western Macedonia with the highest unemployment rates in the country - 14.2 and 13.7 per cent respectively. These were almost double the rates of the regions of Peloponnese and the Ionian Islands, which recorded the lowest incidence of unemployment (Ministry of Labour and Security, 2000).

Finally, the risk of unemployment has increased dramatically in recent years. In a study of social precariousness that covered the period 1996-2001 (European Commission, 2002b, p.111), Greece was reported as the only country in Europe where the risk of unemployment had risen significantly. Indeed, the proportion of employees who had recently experienced unemployment rose substantially from 14.9 per cent in 1996 to 31.8 per cent in 2001; the highest increase among all EU countries.

Overall, unemployment in Greece increased dramatically during the 1990s and continues at very high levels. This is mainly the result of the intensification of economic restructuring, the economic austerity measures that accompanied Greece's effort to join the EMU and the changes in the structure of the Greek labour force. In addition, the two traditional Greek 'solutions' to unemployment are now seriously curtailed. Migration of low skilled workers has diminished while the expansion of public sector employment is severely restricted due to budgetary constraints. The economic growth that characterized the late 1990s was a jobless growth (OECD, 2002, p.102; see also Table 10.2) while the recently observed reduction of unemployment rates was closely associated with increases in inactivity. The social groups who were - and are still - hit particularly hard were: the long-term unemployed, currently comprising almost half of total unemployment; women, whose unemployment rate is currently more than twice that of men, especially those with lower education and who lack skills; young people aged between 15-29, currently comprising more than half of the unemployed, and people of working age in specific regions, especially in the areas of northern-western and central Greece.

## **Response to the rise of unemployment**

Throughout the 1990s, the policy discourse regarding the state's strategy to unemployment in Greece was closely associated with the European Employment Strategy (EES). Accordingly, there was a strong rhetorical emphasis upon at least three 'needs' (Ministry of Labour and Security, 2000, 2001a, 2002). First, the need to increase labour market 'flexibility'. Second, the need for a shift from so-called 'passive' to the so-called 'active' labour market policies and, third, the need to develop new institutional infrastructures to facilitate the achievement of this objective.

Indeed, a series of labour market reforms in 1998 and in late 2000 constituted the state's response to the perceived need for increased labour market 'flexibility'. The 1998 reforms introduced the Territorial Employment Pacts (TEPs) which allowed for wage flexibility by providing opportunities for 'opting out' from national sectoral wage agreements. The provisions of the 2000 labour market reforms (Law 2874/2000) included a variety of measures: promotion of part-time work, reduction of weekly overtime and increases in overtime rates to encourage new recruitment, reduction of the working week from 40 to 38 hours with the simultaneous introduction of working time annualization, increases in the thresholds of collective redundancies and a reduction in employers' social security contributions for low wage employees. It is beyond the scope of this chapter to evaluate these measures. Suffice to say, however, that the TEPs' wage flexibility clauses proved to be very difficult to implement (OECD, 2002, p.105) while the 2000 reforms appear to have had only marginal effects in increasing employment. As can be seen in Table 10.2, which compares Greece's performance towards achieving the Lisbon targets with EU averages, the increase in the total employment rate between 1995-2001 was less than 1 per cent. In the case of older workers, the employment rate has actually decreased by 3 per cent.

*[Table 10.2 about here]*

During the 1990s, and under conditions of increasing unemployment, the institutional capacity of the Greek Organization for Labour Force Employment (OAED)<sup>7</sup> to effectively implement labour market policies was seriously questioned. In legislative terms, the emphasis on activation and the need for new administrative structures was highlighted in Law 2434/96, which provided a new strategic framework for the administrative restructuring of OAED. According to the Greek National Action Plan for Employment, 2000, the 'beacon' of this strategy is the creation of a network of Employment Promotion Centres (KPAs), whose basic aims include: 'a more effective link between supply and demand in the labour market; more efficient services for the unemployed, the working population, special social groups, and employers and businesses; a more effective link between training, education and employment; and the conversion of OAED's employment policies from passive to active ones' (Ministry of Labour and Security, 2000).

The establishment of KPAs across the country has been promoted as a serious attempt to coordinate action at the local level and facilitate the development of pathways out of unemployment based on the individual characteristics of the unemployed. In particular, within the KPAs, special advisors are supposed to provide individually tailored support by creating Individual Action Plans and giving guidance to the unemployed so that they can choose among various trajectories, such as vocational training, subsidized employment or support with setting up their own business. It is worth noting here that this personalized service is in principle available only to those unemployed person 'who express the desire to receive the

support of the Public Employment Services' (Ministry of Labour and Security, 2001b, p.43). In other words, it is neither an obligation nor a precondition for the receipt of benefits. Up to 2002, this personalized approach has not been implemented and in the 2001 Joint Employment Report, the European Commission urged Greece to intensify its efforts to deliver it.

The need to create institutional structures to support and coordinate the formulation and implementation of employment and vocational training programmes has to be seen in the light of the objective to successfully utilize funding from the Second and Third Community Support Frameworks, and especially resources from the European Social Fund (ESF). In particular, for the period 2000-2006, ESF financing towards the programme Employment and Vocational Training amounts to €1,410 million, more than one third of the total ESF share for Greece.<sup>8</sup> In fact, the role of ESF is paramount in financing labour market policy interventions in Greece, as can be seen in the following quote from the Greek National Action Plan for Employment 2000: '[...] the ESF will be the *chief financial tool* to carrying out the annual National Action Plan for Employment in Greece for the duration of the new planning period 2000-2006' (Ministry of Labour and Security, 2000, p.9, emphasis added).

Via its main funding source, the ESF, and the production of annual National Action Plans for Employment, contemporary Greek employment policy is inexorably linked to the priorities and 'rationale' of the European Employment Strategy (EES). Indeed, the perception of the Greek Ministry of Labour and Social Security is that annual plans function as 'fundamental orientation and coordination tool[s]' (Ministry of Labour and Security, 2000), linking national priorities to European objectives and vice-versa.

Putting aside the desirability and effectiveness of framing the Greek employment strategy in the terms that the EES dictates (see Chapter 9) it appears that the implementation of the EES in Greece - a process that involves the formulation, monitoring and evaluation of annual National Action Plans for Employment - has accelerated the administrative restructuring of Public Employment Services. As shown, these developments are inexorably linked to the need for institutional mechanisms to support the successful utilization of financial resources from the EU, especially those provided by the ESF. The issue of funding is crucial in understanding these developments. It is the opinion of the author that the emphasis on 'activation' of labour market policies in Greece is primarily linked to the availability of support from the ESF for these measures and has little to do with concerns regarding the lack of activation on behalf of the unemployed, a strategy for their re-commodification, or the incentive structure of the unemployment compensation system. Empirical evidence to support this opinion is examined below.

### *Public Expenditure on labour market policies in Greece*

In most welfare states the size of social expenditure towards the unemployed is a function of the number of the unemployed. It usually increases when unemployment increases so that a country with comparatively low levels of unemployment usually records (comparatively) low levels of expenditure. Declining or consistently low levels of expenditure that remain relatively unchanged despite increasing unemployment are indicative of systems offering inadequate welfare state support towards the unemployed. This is, to a very large extent, the case in Greece. In particular, total social expenditure towards unemployment in Greece has been traditionally very low in comparison to international standards. Figure 10.1 compares the latest available data (Funck and Pizzati, 2002) on public spending on unemployment

compensation as a percentage of GDP adjusted for levels of unemployment across the EU. In 1999, and as a percentage of its GDP,<sup>9</sup> Greece had the lowest level of expenditure among EU member states. It was almost one fifth of the OECD and EU averages and only a tiny fraction of the respective spending in the Netherlands, the highest spender on (adjusted) unemployment compensation in the EU. Combined together, expenditure on 'active' labour market policies and expenditure on unemployment benefits comprised 0.84 per cent of Greek GDP in 1998 (OECD, 2001a, p.24). This was almost a sixth that of Denmark (5.03 per cent), the highest spender in the EU, and well below the EU average.

*[Figure 10.1 about here]*

When the trend of social expenditure on unemployment compensation at 1995 constant prices is placed against the backdrop of (rising) unemployment during the 1990s, a peculiar picture emerges (Figure 10.2). Namely, that while unemployment was increasing, the level of annual unemployment compensation expenditure in Greece decreased at the beginning of the 1990s, remained almost static -at very low levels- during the mid 1990s and only started rising significantly from 1999 onwards.

These empirical observations clearly demonstrate that the system of social protection for the unemployed in Greece was totally ill-prepared to meet the dramatic rise in unemployment during the 1990s. Its levels of support were inadequate by any standards, while its limited extent of coverage resulted in large numbers of the unemployed being excluded from access to any benefits. These systemic inadequacies can be explained by taking into account three structural factors. First, the strict conditions regarding entitlement to benefits and especially the short, fixed time-period for which entitlement is granted. Second, the very low monetary value of the benefit package for the unemployed and, third, the lack of a guaranteed minimum income scheme or 'safety net' for the long-term unemployed. These are explored further in the next section

*[Figure 10.2 about here]*

### **The adequacy of unemployment compensation in Greece**

One of the key characteristics of the rules regulating unemployment benefits in Greece<sup>10</sup> is that entitlement to such benefits is strictly conditional upon social insurance contributions. As a result, entitlement to unemployment benefits is granted mainly to individuals with long or uninterrupted employment records. Unemployed persons with short or interrupted contribution records, i.e. persons like unemployed women or young unemployed people, or first-time job seekers who have no contributions record, are entitled to unemployment benefits for very short periods after which no entitlement to benefits is granted. In the case of first-time job-seekers, entitlement is granted after a very long waiting period (12 months) during which no benefit is paid. After this long waiting period, a very low benefit is paid for a maximum of 5 months.

Second, various studies comparing the adequacy of unemployment benefits have confirmed that the benefit income package for the unemployed in Greece (i.e. the combination of unemployment benefits and family and other benefits) is among the lowest in the EU (Papadopoulos, 2003, 1997; OECD, 1999; European Commission, 1995). A sample of the latest available OECD data is presented in Table 10.3, where benefit packages to which different unemployed households are entitled in Greece are compared with those of other EU



member states. These figures represent the percentage of previous income that the unemployment benefit income packages could potentially replace. The assumption behind the calculations is that there is only one income earner in each type of household, who is 40 years of age, with a full employment record, who was earning a salary equal to that of an average production worker (APW) before the termination of employment. In other words, these cases represent the ‘best case scenario’ where the beneficiary is entitled to the maximum level of benefits. It should be noted that these are net replacement rates, meaning that they are calculated after tax, social security contributions, unemployment benefits, family and housing benefits are taken into account in all the household types.

*[Table 10.3 about here]*

The comparison reveals that the Greek benefit income package is among the least generous in the EU in two out of four household types, single unemployed and married couple. For a couple with two children and a lone parent with two children, the Greek benefit package is the least generous in the EU, a fact that also highlights the lack of any redistribution of resources towards families with children in Greece. The benefit package for a couple with two children replaces only 44 per cent of previous earnings in Greece, 26 percentage points lower than the EU average and 3 percentage points less than the package for a single unemployed. For an unemployed lone parent with two children the benefit package replaces only 47 per cent of previous earnings, 23 percentage points lower than the EU average.

Indeed, adequacy of support for the unemployed in Greece compares even more poorly with other EU countries when one takes into account three additional factors, namely that:

- average wages in Greece are among the lowest in Europe (INE, 2002, 2001), i.e. a small replacement rate in Table 10.3 represents a small replacement of an already low wage;
- there is no safety net for the unemployed after entitlement to insurance benefit has expired (this is discussed further below); and
- the monetary value of the benefit package for the unemployed has been, and continues to be, eroded.

By the end of 2001 the unemployment benefit’s minimum, basic amount comprised less than 50 per cent of the minimum daily wage of an unskilled worker, far lower than the minimum level of 66.6 per cent set as a standard by the relevant legislation (Law 2224/94). Thus, the erosion of the value of unemployment benefits in Greece continues, as can be seen in Figure 10.3 where the trajectory of unemployment benefit as a percentage of the minimum wage is presented. The high inflation of the early 1990s had a powerful negative effect upon the relative value of unemployment benefit. Even after some slight improvement in the late 1990s, the relative value of the benefit is still way below the minimum level of 66.6 per cent. The last time the benefit equalled this minimum level was in 1982.

Since November 2001, various minor increases in the amount of unemployment benefit were announced by the Greek government.<sup>11</sup> These are still not enough to compensate for the serious reduction in the monetary value of the benefit package that took place during the 1990s. A substantial increase in unemployment compensation expenditure is necessary if the value of the benefit is to be restored to the level set as a standard by the current legislation. Currently, the level of unemployment compensation is totally inadequate to sustain a decent standard of living and one can safely argue that there are absolutely no ‘incentives’ to stay on unemployment benefits in Greece. Against this background, the rhetoric that emphasizes the

'need' to move from 'passive' to 'active' policies in Greece, as set out in the EES and clearly identifiable in consecutive Greek National Action Plans for Employment (Ministry of Labour and Security, 2000, 2001a, 2002), simply does not make sense.

Finally, entitlement to unemployment insurance benefits is available for a maximum of up to 12 months for those with a full employment record. Given that in Greece there is no institutionalized form of social assistance for the long-term unemployed, apart from a means tested scheme for those older than 45 years of age,<sup>12</sup> welfare support terminates with the end of entitlement to unemployment insurance benefits. As a result, only a small proportion of the unemployed in Greece claim benefits at any point in time. In fact, consistently during the 1990s, less than 10 per cent of the unemployed per year were receiving unemployment benefits (Standing, 2000).

The obvious question that arises here is how do the long-term unemployed in Greece cope with the lack of welfare support? As shown above, this group constitutes more than half of all unemployed persons and although access to some form of income support might be available through participation in a vocational training programme, this participation is neither obligatory nor guaranteed for all. The results of a comparative study of poverty, unemployment and social ties in EU member states are indicative here. The study found that in Greece more than 50 per cent of unemployed people who were living alone were receiving support from family and friends; the highest percentage in the EU (Paugam, 1999).

What emerges here is the 'familistic' character of welfare support that vast numbers of the unemployed receive in Greece. This is clearly highlighted when the household composition of the unemployed in Greece is examined. During the second half of the 1990s the vast majority of the unemployed, 54 per cent, were children of the head of household, while the second largest group, 24 per cent, were spouses of the head of household (Eurostat, 1998, Table 121). These two groups, young people and spouses (the vast majority of which are women) are precisely those groups that not only tend to be excluded from unemployment compensation benefits but also constitute large proportions of the long-term unemployed. Unless they participate in a job subsidization scheme or a subsidized vocational training scheme, they most probably will receive support from within the family.

Last but by no means least, it must be noted that contrary to other EU countries, public employment services in Greece played, at least until recently, only a marginal role in the labour search activity of the unemployed. For example, according to 1996 EU Labour Force Survey results, only 6 per cent of the unemployed in Greece contacted the public employment office as a method of searching for employment compared to an EU average of approximately 70 per cent (Eurostat, 1998, Table 109). The majority of Greek job-seekers either applied to employers directly (40 per cent compared to an EU average of 9 per cent) or asked friends and relatives (32 per cent compared to an EU average of 7 per cent).

## **Concluding remarks: welfare support for the unemployed and the Greek welfare regime**

In Greece, there are no ‘incentives’ to stay on unemployment compensation benefits given their levels and limited duration. Thus, it is reasonable to expect that the unemployed who have no other means of support, or are heads of households with family commitments, will actively seek work during their spell of unemployment. It is in this context that Petraki-Kottis argued that the Greek unemployment insurance system functions as ‘if it was part of an activation strategy’ (Petraki-Kottis, 1997, p.26). Furthermore, the lack of a safety net for the vast majority of long-term unemployed, as well as for those who do not qualify for unemployment insurance, and the fact that participation in active labour market programmes is voluntary, often turns participation in these programmes into a means of accessing (temporarily) some form of unemployment compensation. The result is a paradoxical picture that renders any differentiation between ‘passive’ or ‘active’ policies almost meaningless in the case of Greece.

In the light of the empirical findings presented in this chapter, it can be safely argued that the Greek system of unemployment compensation is both institutionally and financially incapable of providing adequate welfare support to the majority of the unemployed. Institutionally because, given the predominance of the unemployment insurance principle, the largest groups of the unemployed - young people and women - are effectively excluded from any serious unemployment compensation. And, financially because the levels of unemployment compensation for those who can establish entitlement are remarkably low and last for a maximum of 12 months. The recent, modest increases in unemployment benefit levels are not enough to guarantee a socially acceptable standard of living for the unemployed. Furthermore, the lack of a safety net for the long-term unemployed who are under 45 years of age completes the negative picture. The international comparisons presented earlier confirmed, albeit in dramatic colours, the low levels of support for the unemployed, placing Greece firmly in the group of welfare ‘laggards’ in the EU. Indeed, Greece exemplifies all the characteristics of the *sub-protective* type of unemployment welfare systems put forward by Gallie and Pagan (2000, p.5); namely, very incomplete coverage, very weak level and duration of cover and limited active employment policy.

The continuing inadequacy of unemployment compensation in Greece proves that societal control via the welfare state over the functioning of the (labour) market is very weak. The right to de-commodification as a means of adequate compensation for loss (or lack) of employment is clearly not part of state-provided welfare support. In this context, it is the reliance on family and informal networks that establishes a mode of de-commodification based on non-institutionalized arrangements for the unemployed who do not have access to benefits (Gonzalez, 2002, p. 157). Moreover, the fact that very few of the unemployed use the public employment office as a means of searching for employment, indicates that decisions about the labour market behaviour of individuals clearly form part of households’ strategies and have little to do with state support or intervention.

All these are not only consistent with labour market behaviours embedded in a ‘familistic’ welfare regime but are key elements in its reproduction (Gonzalez, 2002; Flaquer, 2001). In Greece, as well as in other southern European states, the minimalism of state involvement in welfare provision rests upon the maximalism of familism. This model of societal reproduction relies heavily on the domestication of women - the ‘compulsory altruists’ according to Symeonidou (1996) - and their unpaid care work, even when they do participate in the official and unofficial labour markets. Further, it assumes the uninterrupted commodification of the

main earner of the household who, in the vast majority of cases, is the father. Thus, in Greece, as in other southern European countries, the male breadwinner model is still being reproduced by the welfare system.

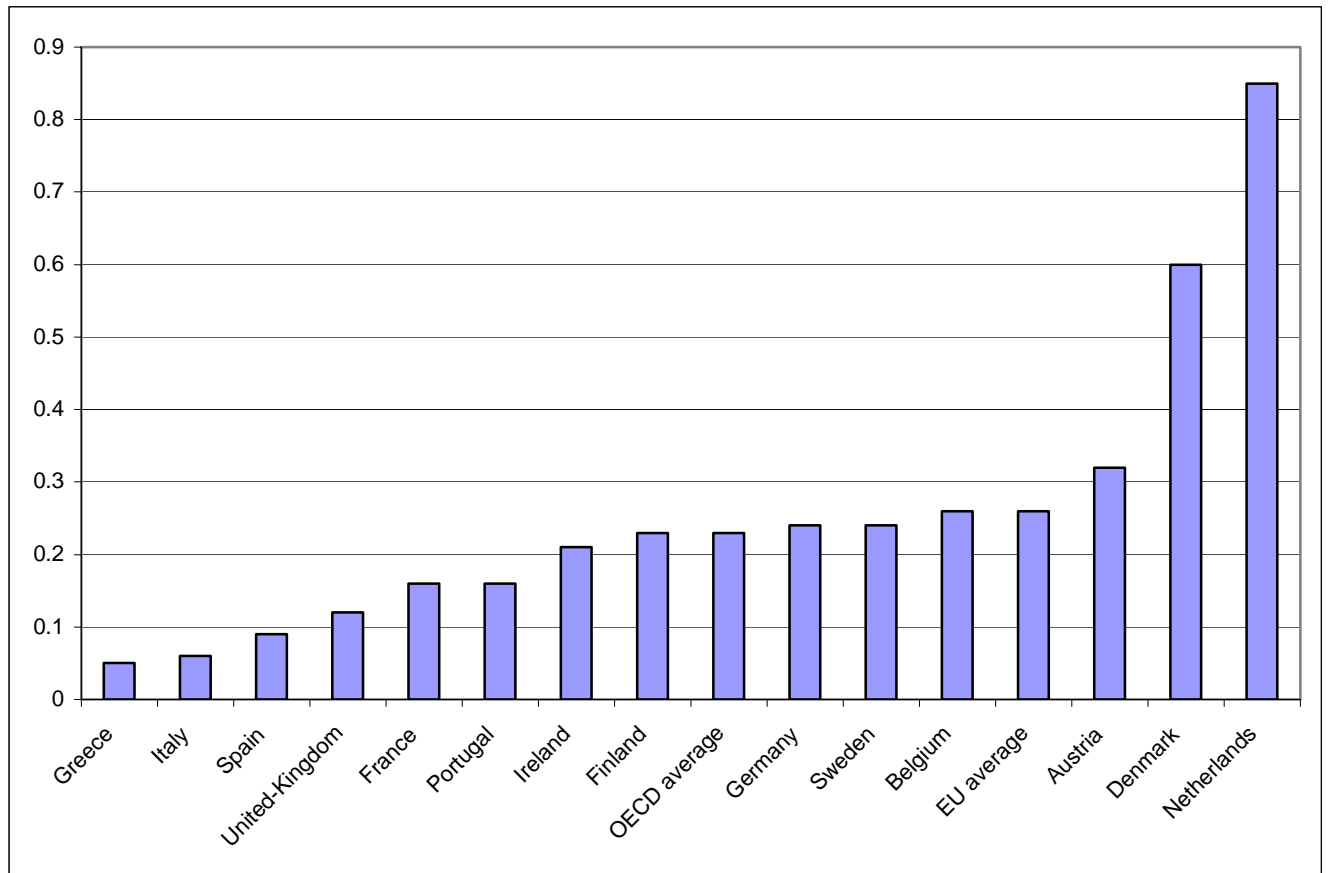
The inadequacies of the Greek unemployment compensation system enhance and reproduce the familistic character of the welfare regime. As González argues:

Now with a more flexible labour market in which the number of non-stable jobs is increasing and non-qualified workers occupy the lowest levels in private companies, the family strengthens its inclusive role. Labour is becoming increasingly precarious and the concept of lifelong employment is disappearing in favour of temporary contracts in a flexible market. In this context, the family and other social networks become increasingly [more] important as inclusive factors

(González, 2002, p.173)

The vitality of the familistic welfare regime in Greece lies precisely in the ‘enclosure’ of the discussion of issues of welfare provision within the family. As long as questions and answers about care, welfare support, or labour market choices remain mostly ‘private’, i.e. within households, and as long as the privileges of various powerful, socio-professional groups are maintained by the subordination of social policy to their ‘social politics’ (Venieris, 1996 p.268) the family will continue to play its role as the key provider of welfare support to its members. In the ‘brave new world’ of labour market flexibilization, where recommodification strategies are aggressively pursued by ‘active welfare states’ across Europe, the welfare regime in Greece appears to function comfortably with its familistic model of societal reproduction. This is because it allows the Greek political economy to function with only a minimum of ‘internalization’ - either in political or market terms - of the social and economic costs associated with market-driven economic restructuring. In this context, the room, scope and willingness for significant policy change are very limited. Indeed, policy proposals that fail to see this dimension of the political economy in Greece run the risk of being nothing more than a series of wish lists: demands for welfare-state institutions to act as positive welfare agents when their effective role has more to do with managing the absence of the welfare state in Greece rather than bringing about costly changes.

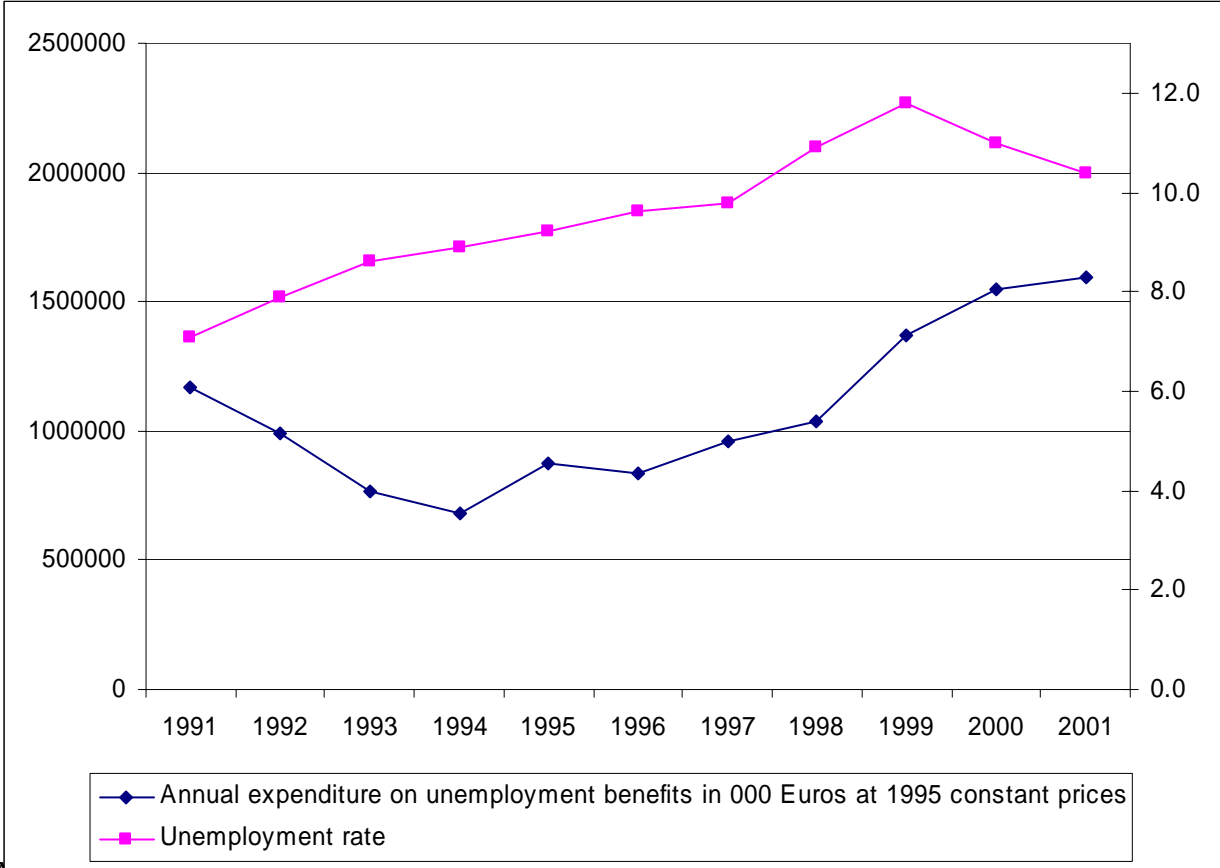
**Figure 10.1 Spending on unemployment compensation, adjusted for unemployment levels,\* in EU member states, 1999**



*Note:* \* Ratio of public spending on unemployment compensation as % of GDP to unemployment rate.

*Source:* Funck and Pizzati, 2002

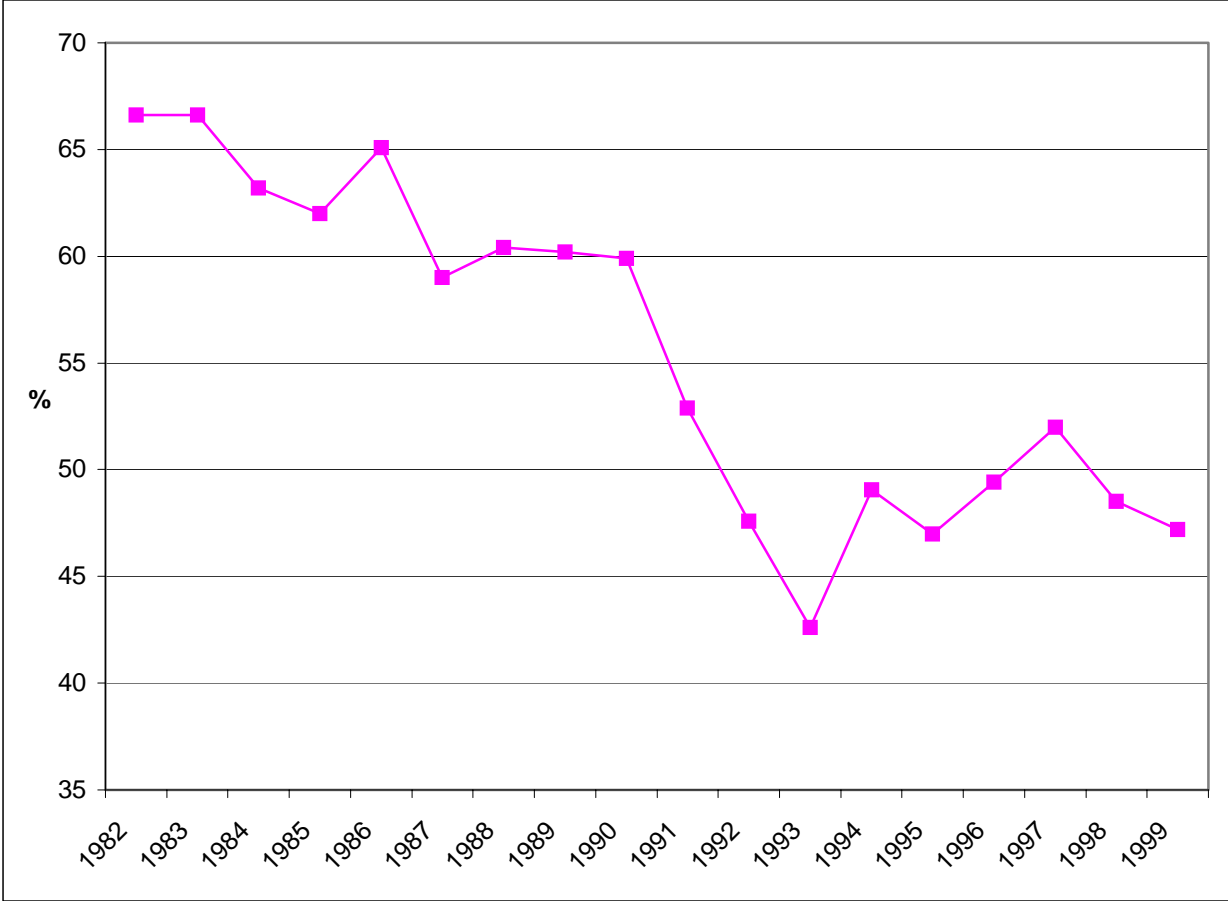
**Figure 10.2 Unemployment rates and annual expenditure on unemployment benefits at 1995 constant prices in Greece, 1991-2001**



*Note:* Expenditure on unemployment benefits (left axis) is measured in thousands of Euros. Unemployment rate (right axis) is measured as a % of the labour force.

*Source:* European Commission, 2003; expenditure data from Eurostat (2004)

**Figure 10.3 Unemployment benefit for a single person - previously on average male earnings - as a % of the minimum wage in Greece, 1982-1999**



Source: Author's calculations based on data provided by OAED

**Table 10. 1 Unemployment rate by gender and educational level, 2001 (ages 25-64)**

	Men	Women	Total
Doctorate or post-graduate degree	8.8	8.3	8.6
University degree	4.1	8.9	6.3
Further education degree (technical direction)	5.9	13.8	9.5
Upper-secondary school certificate	6.3	14.8	9.6
Lower-secondary school certificate	6.5	19.9	10.5
Primary school education	4.3	10.6	6.7
A few years of primary school	3.1	5.1	4.0
No schooling	7.3	8.7	8.0

*Source:* Ministry of Labour and Security, 2002, p. 90.



**Table 10. 2 Progress towards achieving the Lisbon targets**

	<i>Greece</i>	<i>EU</i>	<i>2010 target</i>
Total employment rate (2001)	55.4	63.9	70
<i>Change 1995-01</i>	0.8	4	
Female employment rate (2001)	40.9	54.9	more than 60
<i>Change 1995-01</i>	2.8	5.3	
Older workers' employment rate (2001)	38	38.5	50
<i>Change 1995-01</i>	-3	2.6	

*Source:* European Commission, 2002a

**Table 10.3 Net replacement rates for four family types at average earnings levels in EU member states**

	<i>Single</i>	<i>Married Couple</i>	<i>Couple-2 children</i>	<i>Lone parent - 2 children</i>
Austria	60	62	76	73
Belgium	64	61	64	65
Denmark	63	63	73	78
Finland	65	71	83	87
France	71	68	72	72
Germany	60	56	70	71
Greece	47	47	44	47
Ireland	31	44	57	52
Italy	42	44	53	50
Luxembourg	82	82	87	87
Netherlands	82	89	89	81
Portugal	79	78	79	80
Spain	74	74	73	76
Sweden	71	71	78	85
United Kingdom	46	46	49	49
<i>EU15 average</i>	<i>63</i>	<i>64</i>	<i>70</i>	<i>70</i>

*Note:* Replacement rates are calculated after tax and including unemployment benefits, family and housing benefits in the first month of benefit receipt. Data for 1999.

*Source:* OECD, 2002; **Benefits and Wages, OECD Indicators**

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## Notes

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<sup>1</sup> As Andersen, *et al* (2002, p.7) pointed out, this was achieved through publications such as the OECD's *Jobs Study*, the proposals of the OECD Jobs Strategy and the specific country recommendations that accompanied them.

<sup>2</sup> Putting aside for a moment the moral undertones regarding the behaviour of the unemployed that are implicit in the use of the words 'passive' and 'active' it was never clarified adequately in the conventional literature why an adequate level of 'passive' unemployment compensation providing effective help during the period of job searching is contributing less to the activation of the unemployed than an 'active' seminar of vocational training.

<sup>3</sup> It should be mentioned, however, that during the 1990s the size of the labour force increased in Greece, at least partly as a result of the increase in the number of women looking for employment and the official registration of economic migrants which begun in 1998.

<sup>4</sup> Although the problem of the official measurement of unemployment in Greece is beyond the scope of this article, it is worth noting that substantial divergence between the unemployment rates calculated using different official methods has been identified by Greek researchers (Petraki-Kottis, 1997). In addition, reports in the Greek media indicate less than perfect procedures with regard to the collection of the usually more reliable Labour Force Survey data (see article in the newspaper, *Eleftherotypia*, 'Alchemy with the fall in unemployment?', 8 August 2001).

<sup>5</sup> *Eleftherotypia*, 20 July 2003.

<sup>6</sup> *Eleftherotypia*, 23 January 2001

<sup>7</sup> OAED is the institution mainly responsible for implementing labour market policies in Greece. OAED is a self-administering legal entity under public law and, in principle, is financed solely by contributions from employees and employers. However, *ad hoc* financial support from the state plays a dominant role in its financing. OAED's administrative council resembles a corporatist structure consisting of representatives of employees, employers, the OAED itself and experts. The chair is held by the director of OAED, a political appointee, while the organization itself is subject to the supervision of the Ministry of Labour and Social Security.

<sup>8</sup> See the European Commission's Press Release 'Structural Funds: Commission agrees 1,420 million employment and training programme for Greece', Press Release, P/01/372, Brussels, 15th March 2001.

<sup>9</sup> A methodological point of caution should be raised here. When comparing the measurement of social expenditure as a percentage of GDP across time, the fluctuations in the size of GDP might affect measurements. If expenditure remains the same and GDP increases then the same amount of expenditure will represent a smaller percentage of the (increased) GDP. In other words, when compared across time the same amount of expenditure will be recorded as a 'decrease', if the GDP increases. This is the case in Greece where public expenditure towards unemployment compensation and labour market programmes, as a percentage of GDP, appears to 'decrease' in various years during in the 1990s.

<sup>10</sup> A detailed description of the system of unemployment compensation in Greece is beyond the scope of this chapter. Interested readers can contact the author for copies of a short guide to unemployment compensation in Greece.

<sup>11</sup> Reported in the newspaper TA NEA, 19 November 2001, p.44.

<sup>12</sup> A means-tested unemployment assistance benefit of approximately €142 per month has become available since 1 January 2002, for 35,000 long-term unemployed aged 45-65. Still, no assistance is available to the long-term unemployed who are under 45 years of age.