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Muddling Through:
Trials and Tribulations of Social Security in Greece

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MUDDLING THROUGH: TRIALS AND TRIBULATIONS OF SOCIAL SECURITY IN GREECE

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MUDDLING THROUGH:
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1. Introduction

Terms travel badly. As a consequence, seemingly innocent words are often loaded with meaning that is "context specific", in the absence of which they are difficult to comprehend fully. Not to make too fine a point, the unthinking use of certain terms risks obfuscating rather than illuminating the issue under consideration. Social security, the focus of this paper, seems to be one of those terms. It has been noted (Atkinson 1995: 205) that while in Britain it recalls the entire system of cash benefits, in the US *Social Security* is used as a shorthand for contributory pensions alone (whereas social assistance is referred to as *Welfare*, a term with far more negative connotations). In continental Europe, the issue is complicated further by linguistic considerations. However, both *Sècuritè Sociale* and *Soziale Sicherheit* are taken to imply a range of social insurance programmes including health but excluding social assistance (known as *Solidaritè Nationale* and *Sozialhilfe* in France and Germany respectively).

In any case, it ought to be admitted that the term "social security" (*κοινωνική ασφάλεια*) is rarely used in Greece. It is debates on social insurance (*κοινωνική ασφάλιση*), typically understood more narrowly still as the whole of retirement pension schemes, that ignite high passions. In contrast, social assistance (*κοινωνική πρόνοια*[1]) is thought of as an entirely different, less important subject that is discussed separately, when not ignored altogether. In practice, the distinction between social insurance and social assistance is less clear than it appears. In fact, as the paper will go on to argue, the treatment of these policy areas as if they were totally unrelated has unnecessarily narrowed the menu of policy solutions, at the exclusion of options that go beyond the usual diet of "tinkering at the margin". It would be insincere to deny that behind the choice of social security as the paper's subject matter lies a wish to adopt a more integrated approach than is typically the case.

Having said all that, it seems necessary to reiterate that social security, as the term is used in the paper, is made up of the entire range of cash benefits or income transfers[2]. These have two major components: *contributory* and *non-*

[1] As a further complication, *κοινωνική πρόνοια* refers in the Greek context to both *social assistance* (i.e. non-contributory cash benefits) and *social care* (i.e. social services to the elderly or the disabled, sometimes including child care).

[2] See Barr (1993): 7-8. Note that current definitions of social security ignore tax expenditure, private insurance and pensions, as well as "the informal transfers of cash and time that occur between kith and kin". See Evans (1998): 258.

contributory benefits. Contributory benefits are related to employment, financed *via* employer and employee contributions. Access to benefits is dependent on claimants' contributory record and the occurrence of a specified contingency such as retirement or unemployment. Benefit levels are, as a rule, positively related to previous earnings. In Greece, as elsewhere in continental Europe, contributory benefits except are provided by social insurance funds, semi-autonomous entities created for that purpose. Non-contributory benefits, funded out of general taxation, can be distinguished into *social assistance* and *universal* or *categorical benefits*, depending on access rules. Social assistance benefits are awarded following a test of the claimant's income or "means" (a test of both income and wealth). Social assistance benefits are designed to raise the incomes of families in poverty, sometimes explicitly to a minimum standard. As a rule, benefit rates are inversely related to income. Universal or categorical benefits are granted on the basis of a specified contingency, such as disability or birth of a child, to all individuals within that category. Therefore, universal or categorical benefits are not conditional on either income or contributions. As a result, benefit amounts are typically set at a flat rate.

Table 1: **Expenditure on social security benefits** (2001)

	€ million	% benefits	% GDP
retirement benefits	16 843	90.3	12.90
family allowances	523	2.8	0.40
unemployment insurance	514	2.8	0.39
sickness benefits	427	2.3	0.33
disability allowances	293	1.6	0.22
housing benefits	44	0.2	0.03
total benefits	**18 644**	**100.0**	**14.28**
of which: non-contributory	3 041	16.3	2.33
of which: income tested	877	4.7	0.67

Note: Retirement benefits include old age, invalidity and survivor pensions, as well as ΕΚΑΣ (pensioners' social solidarity benefit). Housing benefits include repatriation benefits.

Source: Own estimates from data collected from benefit agencies and other sources.

As an indication of the scope of social security in Greece, Table 1 provides a snapshot of the situation, on the basis of the most recent data available at the time of writing. Some key facts become immediately evident. More than 90% of benefits are pensions. All other benefits taken together account for less than 1.4% of GDP. Most benefits are contributory and earnings-related. Less than 5% of social security spending is income tested. These key facts obviously raise important issues that will be revisited later in the paper.

A consistent series is more difficult to provide, as data on social security have to be assembled *ad hoc* in a piecemeal fashion from various disparate sources. The series that do exist refer to aggregate spending on social protection. As Figure 1 shows, estimates differ by source, as might be expected in view of the different definitions used. Nevertheless, overall trends are not hard to identify: expenditure on social protection declined as a proportion of GDP in the early 1990s and remained rather stationary until the mid-1990s, to increase more or less steadily thereafter. Given their relative weight in aggregate social expenditure, it is hardly surprising that trends in pensions spending were similar, as shown in Figure 2. A more detailed breakdown of social expenditure by category in the 1990s on the basis of OECD data is provided in Table 2. Other sources give slightly different estimates, but all concur that pensions accounted for the entire variation in social expenditure, while changes in other items were small and largely offsetting.

Table 2: **Social expenditure by category**

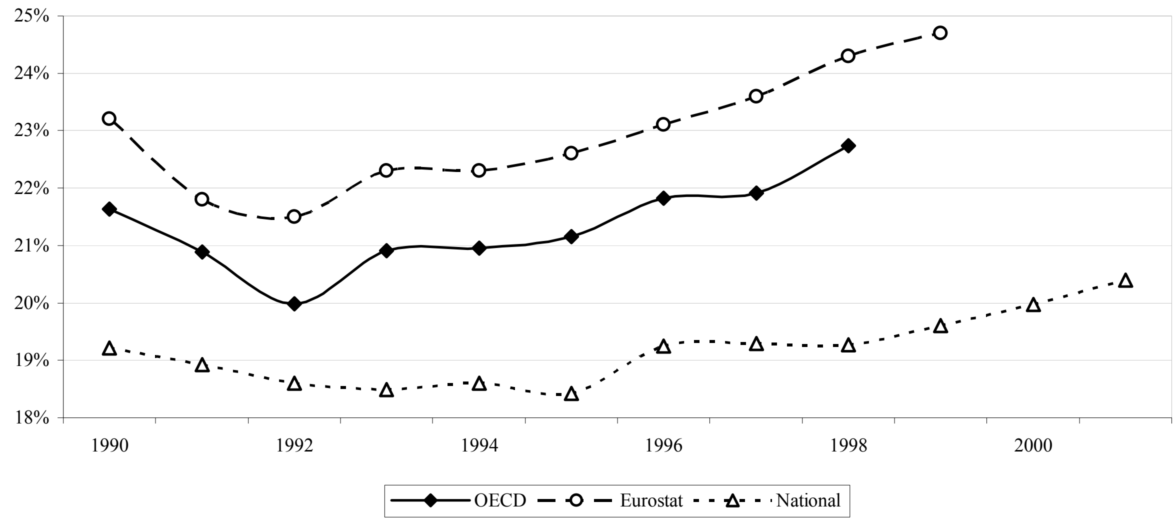
	1990	1994	1998
old age and survivors cash benefits	11.09	10.63	12.28
disability benefits	1.73	1.36	1.40
sickness benefits	0.93	0.79	0.79
family cash benefits and services	1.62	1.94	1.91
unemployment benefits	0.81	0.72	0.66
health	4.72	4.69	4.71
housing	0.51	0.64	0.73
other	0.21	0.19	0.25
total benefits	**21.64**	**20.95**	**22.73**

Note: Figures are percentages of GDP. Disability benefits include services for the elderly and disabled. Sickness benefits include occupational injury and disease. Unemployment benefits include active labour market programmes.

Source: OECD social expenditure database (2001).

The structure of the paper is as follows. The next section analyses social security by programme. Having discussed expenditure and structure, it is only natural that attention should then turn to assessment and outcomes: that is the focus of section three. Policy changes that took place since the early 1990s are reviewed in section four. Finally, the paper concludes by taking stock of remaining challenges and by setting out a blueprint for reform *a futura memoria*.

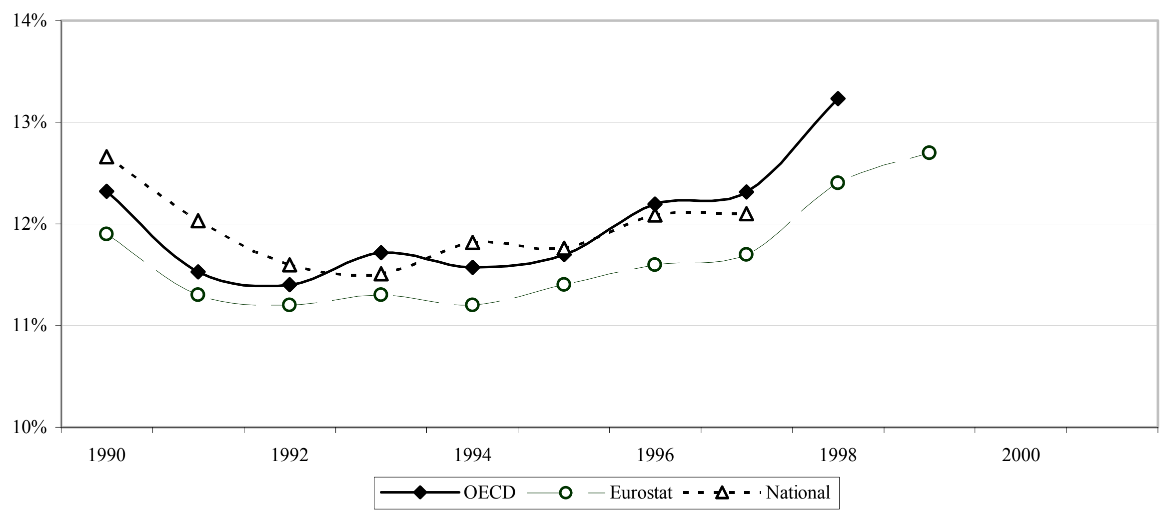
<u>Figure 1</u>: Social expenditure (1990-2001)



Source: OECD social expenditure database (2001). ESSPROS data reported in Eurostat (2000) and Abramovici (2002a): 2. National data provided by the Ministry of Labour & Social Security in Social Budget (2001): 30.

Note: OECD data cover public expenditure on social protection. ESSPROS ("European System of Integrated Social Protection Statistics") data include explicit as well as implicit expenditure, on benefits in kind, including health, as well as in cash, incurred not only by government or social insurance agencies but by employers or other private entities as well – provided the corresponding benefits are made "collectively available". Social Budget data include spending on the National Health System. The underlying figures are percentage of GDP.

<u>Figure 2</u>: Pension expenditure (1990-1999)



Source: : OECD social expenditure database (2001). ESSPROS data reported in Eurostat (2000) and Abramovici (2002b): 3. National data as supplied by the Committee for the examination of macroeconomic policy (1997): 107.

Note: The underlying figures are percentage of GDP.

2. **Programmes**

The most significant social security programmes are briefly presented in the pages that follow under the headings of retirement, unemployment, sickness, family, disability and housing.

Retirement benefits

Pensions are provided by a multiplicity of social insurance agencies or "funds", mostly operating earnings-related, pay-as-you-go schemes. Over 2.6 million primary pensions and 1.1 million supplementary pensions were paid out in 2001, plus a number of lump-sum separation benefits. Almost one third of all social insurance primary pensions are awarded in the event of either invalidity or widowhood, split evenly between these two types of retirement benefits, with the remaining being old age pensions. Most retirement benefits are contributory. As Table 3 indicates, about €14.5 billion or 11% of GDP was in 2001 spent on contributory pensions, out of a total pension expenditure of over €16.8 billion.

Table 3: **Expenditure on retirement benefits** (2001)

	€ million	% benefits	% GDP
social insurance (except farmers)	10 826	58.1	8.29
civil servants' pensions	2 816	15.1	2.16
farmers' basic pension	1 732	9.3	1.33
social insurance separation payments	491	2.6	0.38
pensioners' social solidarity benefit *ΕΚΑΣ*	350	1.9	0.27
farmers' supplementary pension	341	1.8	0.26
war & national resistance	170	0.9	0.13
pensions of non-insured elderly	116	0.6	0.09
total retirement benefits	**16 843**	**90.3**	**12.90**
of which: non-contributory	2 369	12.7	1.81
of which: income tested	467	2.5	0.36

Note: Social insurance covers old age pensions, invalidity pensions and survivor pensions from all social insurance organisations except the farmers' fund ΟΓΑ. Both primary and supplementary pensions are included. Lump sum separation payments are recorded separately.

Sources: Social Budget (2001), Budget Report (2001) and own estimates from data collected from social insurance funds.

The largest non-contributory pension programme is the basic pension received by 800 thousand retirees of the farmers' fund ΟΓΑ. This is paid to persons aged over 65 who have lived in rural areas and worked in agriculture or similar activities such as fishing for at least 25 years. Although the basic pension is incompatible with the receipt of a social insurance pension, it is not income tested and is paid at a flat rate (€144 a month in 2001). It has to be noted that the basic pension is to be phased out (as the new ΟΓΑ contributory pension, introduced in 1998, is being gradually phased in). Other non-contributory programmes include the pensioners' social solidarity supplement ΕΚΑΣ, introduced in 1996, as well as the social pension for non-insured elderly, set at the same rate as the basic pension for farmers. Both programmes are income-tested. At the time of its introduction ΕΚΑΣ was presented as a radical policy shift, away from across-the-board rises in the minimum pension and towards targeted interventions to help low-income pensioners. Keeping things into perspective, it ought to be noted that despite its subsequent expansion (in terms of both access conditions and benefit value, set at €82 monthly for full-rate claimants in 2001) ΕΚΑΣ only accounts for about 2% of total pension expenditure.

Social pensions, ΕΚΑΣ and farmers' basic pensions (together with smaller-scale programmes such as war and national resistance pensions) are all explicitly non-contributory. Nevertheless, it would be quite wrong to assume that the remaining retirement programmes are somehow "self-financed", through employer and employee contributions. On the contrary, social insurance is propped up by a heavy dose of state funding. Overall, the state's financial contribution to retirement pensions – beyond that arising from its role as employer – has been estimated[3] at just over 40% of all pension expenditure. What is more, state assistance (direct or indirect) is unevenly distributed, an issue with profound equity implications to which the paper returns in later sections. One of the less unjustifiable, though not entirely unproblematic, forms of state support is through the mechanism of the minimum pension. This is received by approximately 600 thousand retirees of IKA, the largest fund insuring most private sector workers. About 35% of the minimum pension's value (€364 monthly in 2001) consists of an implicit top-up to the "organic amount", that is the amount a low income worker would have been entitled to on the basis of contributions alone. Although this top-up costs IKA alone over €1 billion a year, the fact of it being implicit makes it less visible than equivalent programmes (such as *Integrazione delle pensioni al minimo* in Italy or *Complementos mínimos de pensiones* in Spain).

Over 1.9 million primary pensions are provided by three funds: IKA, ΟΓΑ and OAEE, the fund of all own-account workers except the more prestigious "liberal professions" who are organised separately. State primary pensions are received by a further 350 thousand retired civil servants and other beneficiaries. As Table 4 shows, these four groups account for 92% of all pensioners. The fragmentation of social insurance along occupational lines inevitably leads to large variations in demographic composition between pension funds. As a matter of fact, the "dependency ratio" (or the proportion of contributors to pensioners) closely

[3] See Matsaganis (2001a): 23.

follows the fortunes of the respective sector or industry. In the case of seamen, the decline in employment has led to the severe financial crisis facing their pension fund NAT. The exact opposite has happened in the case of journalists or the "liberal professions" (as in that of workers in the nationalised industries in the recent, pre-privatisation past). By and large, higher-income groups tend to be members of smaller funds facing more favourable demographic conditions[4].

Table 4: **Structure of pension funds** (2000)

	% primary pensions	contributors per pension
private sector employees	37.9	2.1
IKA	*33.9*	*2.2*
seamen (NAT)	*2.6*	*0.6*
banking employees	*0.9*	*1.2*
journalists & press workers	*0.2*	*4.8*
public sector employees	16.8	1.1
civil servants	*14.3*	*1.1*
public enterprises	*2.5*	*1.3*
self employed	11.4	3.4
own-account workers (OAAE)	*9.7*	*3.1*
lawyers, doctors & engineers	*1.7*	*4.8*
farmers (ΟΓΑ)	33.8	0.9
total	**100.0**	**1.7**

Source: Social Budget (2001).

Arguably, the main characteristic of Greece's pension system may be that it is not one system but many. The parameters defining the level of pension (such as contribution rates, minimum length of contributory period, reference earnings, replacement rates, not excluding retirement age) are all subject to a bewildering array of rules. It is quite impossible – and probably unnecessary – to summarise these rules in the short space available here[5]. Suffice to say that their combined effect is that the pension rights of otherwise identical individuals may differ enormously. For instance, as Table 5 indicates, effective retirement age is lowest

[4] This is something of a *saga*. The original legislation establishing IKA in the late 1920s provided that the new organisation was to gradually absorb all existing funds. This provision was relaxed when the bill became law in the early 1930s (which, as seen later, is exactly what happened in 2002). In a test case, in the 1960s workers in the then new Public Electricity Company were allowed to set up their own fund. Episodes of opting out of the general insurance pool when demographic conditions look good, only to go back in when this is no longer the case, are far from uncommon in the history of social insurance in Greece.

[5] For a recent review in English see OECD (2002): 57-61. For a more extensive treatment see also Mylonas & de la Maisonneuve (1999).

among public sector workers and highest among the "liberal professions" (doctors, lawyers and engineers) and farmers.

Table 5: **Effective retirement age**

<table>
<tr><th></th><th>men</th><th>women</th></tr>
<tr><td>private sector employees (IKA)</td><td>61.4</td><td>58.8</td></tr>
<tr><td>public sector employees</td><td colspan="2">55</td></tr>
<tr><td>own-account workers (OAAE)</td><td colspan="2">62</td></tr>
<tr><td>lawyers, doctors & engineers</td><td colspan="2">65</td></tr>
<tr><td>farmers (ΟΓΑ)</td><td>65</td><td>65</td></tr>
</table>

Note: Estimated average age at retirement.

Source: EPC (2002).

It should be remembered that the decision to retire is a typical case of choice under constraints. Specifically, public sector workers tend to retire early because they face both a lower statutory retirement age as well as less-than-actuarial reductions in case of anticipated retirement. In contrast, the high-earning, lightly-taxed[6] "liberal professions" are more reluctant to leave work and more willing to postpone retirement voluntarily. As a rule, the statutory retirement age is higher for private sector workers, lower for women and lower still for mothers of under-age children. Moreover, retirement ages may vary by generation: public sector workers appointed before 1983 face a lower retirement age than later cohorts, while all workers entering the labour market since 1993 are subject to a uniform retirement age of 65 (except again for mothers of under-age children). Further opportunities for earlier retirement are open to those officially classified as working in "hard and arduous" occupations. Currently, about 40% of IKA contributors fall into that category, conferring the right to a 5-year reduction in retirement age.

Table 6 overleaf demonstrates what was hinted at earlier, namely that both contribution rates and replacement rates (that is, the ratio of reference earnings to pension received) vary considerably between funds. However, it is striking that the relation between the two is anything but linear. For instance, it is certainly true that workers in public enterprises pay higher contributions and receive higher pensions than members of IKA, while own-account workers have both lower contributions and lower benefits. Nevertheless, the opposite is true in the case of civil servants and the "liberal professions" who get more benefits for less contributions. This tentative conclusion is borne out by modelling returns to contributions. The clear implication is that among workers identical in terms of age, gender, income and every other characteristic except membership of pension

[6] For a perceptive analysis and critique of the favourable treatment of the self-employed as regards taxation and social contributions see OECD (2001): 107.

fund, those unfortunate enough to be mere members of IKA get a worse deal from the "system" than their fellow citizens who had the foresight to enter the civil service or to join a publicly-owned enterprise. The reader may be forgiven for concluding that while the multiplicity of rules constitutes by itself a violation of equity, the unequal treatment of equal cases makes nonsense of the notion of Greece as a *Rechtsstaat*, let alone a *Wohlfahrtstaat*.

Table 6: **Effective contribution and replacement rates**

	contribution rate	replacement rate	rate of return
private sector employees (IKA)	19	62	1.1
seamen (NAT)	28	65	…
civil servants	12	109	4.9
public enterprises	26	98	2.7
own-account workers (OAAE)	8	54	1.7
lawyers, doctors & engineers	13	90	…
farmers (ΟΓΑ)	1	20	2.3
post-1992 entrants into work force			0.3
total	**14**	**53**	…

Notes: Effective contribution and replacement rates are derived from actual data on pension expenditure and contributions using national accounts data for the derivation of sectoral earnings. Employer contributions to civil service pensions are excluded. Rate of return calculations compare identical workers across different funds, assuming a discount rate of 2% and based on the formulae of each fund. Public enterprises are represented by the Public Electricity Company ΔΕΗ.

Source: Mylonas & de la Maisonneuve (1999): 35-36.

The preceding analysis suggests that variation in pension rights is not random. On the contrary, systematic "cleavages" can be discerned between different groups of pensioners, actual or future. The dividing lines are drawn clearly in favour of those in "noble" funds over those in "popular" ones, of public sector employees over private sector workers, of the middle-aged over the young, of men over women[7], of unionised over precarious workers and so on. The implications of this finding for the political economy of pension reform are discussed later. For now, the paper turns to a review of social transfers other than pensions.

[7] The "gender division of welfare" in Greece largely works against women, except for female employees in the public sector. For an analysis see Matsaganis & Petroglou (2001).

Unemployment benefits

Mass unemployment is a relatively recent phenomenon in Greece. Until the early 1980s the rate of unemployment did not exceed 4%, though by the end of that decade it was already at 7.5%. It continued to rise thereafter and reached 12% in 1999, falling back to 10.8% in 2001. The mass influx of immigrant workers since the early 1990s from the Balkans and the former USSR has affected the labour market in various ways that are gradually becoming better understood. However, its impact on official figures has not been very pronounced, given that most immigrants – but also many of the Greek workers they might have displaced – work in agriculture or in sectors where informal employment is rampant (such as the construction industry).

Unemployment insurance is mandatory for all employees except tenured civil servants and agricultural workers. The "Manpower Employment Organisation" ΟΑΕΔ, a tripartite organisation funded through employee and employer contributions plus state subsidies, runs a variety of unemployment compensation schemes, the most important of which is "ordinary unemployment benefit".

Total expenditure on all unemployment insurance schemes in 2001 amounted to €514 million (0.4% of GDP), accounting for 2.8% of the social security budget. Eligibility rules require a contributory record of at least 200 insurance days in the first 24 of the 26 months prior to claiming. There is no income test. Students, first-time job seekers and (implicitly) the long-term unemployed are not eligible. Benefit is exhausted after at most 12 months, average duration being 7 months. The benefit rate in 2001 was €252 a month compared to a minimum wage of €526 (i.e. far below the two-thirds ratio originally set). Because of strict contributory requirements, coverage is limited: out of 533 thousand registered unemployed only 237 thousand claimed benefit in 1999.

By way of compensation, there also exist a variety of "extraordinary unemployment benefits" with less stringent rules. These include a 5-month benefit for first-time job seekers aged 20-29 who can prove they are out of work for over a year, lump-sum support for former recipients who remained unemployed after eligibility expired, special schemes for seasonal workers, other irregular workers, return migrants, former prisoners etc. In 1997, latest year for which data were available, there were about 125 thousand recipients of "extraordinary unemployment benefits" as a whole. Average benefit value over the entire duration of benefit may be approximately €570 per recipient in 2001.

The gap opened by the absence of unemployment assistance has been partly filled by a scheme introduced in 2002. The benefit targets the long-term unemployed aged 45-65 and is income tested. The monthly rate is €141, while the maximum eligibility period is 12 months[8].

Finally, since April 2001 the long-term unemployed (i.e. those out of work for 12 months or longer) taking up a part-time job working at least 4 hours daily are entitled to a benefit of €88 monthly for a period of up to 12 months. The number of potential beneficiaries of part-time in-work benefit is estimated at about 35 thousand.

Sickness benefits

Most social insurance funds provide sickness benefits in cash. These include statutory sick pay, maternity leave, birth grants, compensation for absence due to accidents at work and death grants – plus a variety of other benefits ranging from tuberculosis therapy to children holiday camps (hardly a "sickness benefit" at all). Table 7 provides expenditure data for this type of benefit. The schemes listed are all run by social insurance funds, except for non-contributory birth grants paid to civil servants and to uninsured mothers (the latter on an income-tested basis).

Table 7: **Expenditure on sickness benefits** (2001)

	€ million	% benefits	% GDP
statutory sick pay	114	0.6	0.09
maternity leave and birth grant	106	0.6	0.08
death grant	42	0.2	0.03
accident at work	16	0.1	0.01
other	150	0.8	0.11
total sickness benefits	**427**	**2.3**	**0.33**
of which: non-contributory	4	0.02	0.00
of which: income tested	0.4	0.00	0.00

Sources: Social Budget (2001), Budget Report (2001) and own estimates from data collected from benefit agencies.

Common statistical convention excludes the implicit cost to the state budget of civil servants' leave of absence due to sickness or maternity – on the grounds that, in their case, income replacement is not an issue, since earnings are not interrupted. Variations in benefit entitlement are present in this area as well. For instance, maternity leave on full pay is 17 weeks in the private sector, compared to 20 weeks in the public sector. Moreover, although mothers in the private sector are theoretically entitled to a shorter working day in the first two years after childbirth, this is rarely enforced. In contrast, their public sector counterparts can

[8] However, the actual performance of this scheme leaves much to be desired. See footnote 20.

choose to give up a similar (but more generous) arrangement in favour of a 9-month parental leave on full pay[9].

Family benefits

Income transfers to families with children include non-contributory benefits and occupational family allowances. In 2001, total expenditure on the various schemes amounted to €523 million (0.4% of GDP), equivalent to 2.8% of the social security budget. This is shown in Table 8.

Table 8: **Expenditure on family benefits** (2001)

	€ million	% benefits	% GDP
lifetime pension to many-children mothers	179	1.0	0.14
large family benefit	103	0.6	0.08
3rd child benefit	64	0.3	0.05
unprotected child benefit	18	0.1	0.01
civil servants' family allowance	94	0.5	0.07
ΟΑΕΔ family allowance	64	0.3	0.05
total family benefits	**523**	**2.8**	**0.40**
of which: non-contributory	365	2.0	0.28
of which: income tested	365	2.0	0.28

Note: As an occupational allowance, civil servants' family allowance is classified here as a contributory benefit, although strictly speaking no contributions are actually paid.

Source: Social Budget (2001), Budget Report (2001) and own estimates from data collected from benefit agencies.

The so-called "many-children benefits" (*πολυτεκνικά επιδόματα*) comprise "lifetime pension for mothers of many children", "large family benefit" and "3rd child benefit". The three benefits are funded out of general taxation, though they are delivered by ΟΓΑ, the farmers' social insurance fund. Contribution requirements do not apply. At the time of their introduction, in 1993, the benefits were not subject to an income test. Subsequently, they became income tested in 1997, though the income requirement was abolished again in 2002. Over 300 thousand families are currently in receipt of one of these benefits. "Unprotected child benefit" was introduced in 1960. It is a non-contributory benefit, aimed to low-income single parent families, or households who care for orphans born to their kin (foster families are not eligible). It is a low-value benefit, claimed by about 34 thousand families. Occupational family allowances are automatically

[9] See Matsaganis & Petroglou (2001). As a further example of unequal entitlements to maternity benefits between funds, note that lump-sum birth grants are paid at rates that vary eightfold from ΟΓΑ to the engineers' fund.

added to eligible civil servants' pay. Other allowances are paid by OAEΔ to private sector employees irrespective of social insurance affiliation, though these are conditional on contributions. The low value of the OAEΔ allowances (€6 and €18 a month for families with one and two children respectively in 2001) raise questions about take-up, although no official estimates are available.

The main characteristic of family benefits is that the amount of assistance increases almost exponentially with number of children – a pattern evident in the structure of tax reductions for children as well. Occupational family allowances, in particular, introduce a further division between civil servants and private sector workers, since the former receive much more substantial and timely assistance than the latter[10]. Given that most children (and most *poor* children) live in families with one or two children, it follows that the structure of family benefits exposes many to the risk of poverty.

Disability benefits

These are non-contributory benefits, funded out of general taxation and administered by local government at the prefecture level (*Νομαρχίες*). Invalidity pensions, discussed earlier under retirement, are not included here. In the past, the benefits were subject to various forms of means testing. An attempt, in 1987, to standardise access rules was aborted 14 months later, when all income testing of disability benefits was abolished. Although no longer explicitly income tested, benefits are reduced or withdrawn altogether if the recipient is in employment, a pensioner, or in receipt of invalidity pension.

Disability benefits are highly heterogeneous by type of disability and sometimes by category of recipient. There are 10 categories and 22 sub-categories of disability, in addition to a generic "mobility allowance". Out of 140 thousand claimants over 73 thousand received "severe physical disability benefit", the monthly value of which in 2001 was €172.

The steep rise in the number of "severe physical disability benefit" recipients (up from 30 thousand in 1994) is most probably an indication of lax administrative practices. As a matter of fact, over the last years IKA and other social insurance funds have begun to take a more stringent approach as regards the application of access criteria to invalidity pensions. This may have contributed to pressures for irregular awards being transferred from invalidity pensions to disability benefits (and from social insurance funds to prefectures). The latter are not generally distinguished for administrative efficiency. It has been officially reported[11] that funds earmarked for disability benefits are spent on other budget items, while their distribution between prefectures does not reflect "real need" either. As a

[10] For a fuller analysis of cash assistance to families with children see Matsaganis (2001b).

[11] Ministry of Health & Welfare (2001).

result of such factors, funds may run out before the end of the financial year. This is precisely what happened in 2000 in some large prefectures, where payment of disability benefit had to be suspended or delayed.

Housing benefits

This heading comprises cash assistance to tenants only, excluding both assistance in kind (such as the provision of social housing) and benefits to owner-occupiers (such as mortgage relief). The latter, in particular, are quite significant: owner occupation rates are high, while mortgage interest payments receive favourable tax treatment. Still, tax expenditure (Titmuss's famous "fiscal welfare") is not formally analysed as part of the social security budget.

The main instrument of cash assistance to tenants is the rent subsidy provided by the "Workers' Housing Organisation" OEK (which is financed by payroll contributions and covers all private sector employees irrespective of social insurance membership). Rent subsidy is currently paid to approximately 31 thousand households. Access conditions are complex. Single applicants need a contributory record of at least 10 years, but lower eligibility criteria apply to various categories of claimants (such as families with many children, single mothers, the disabled, young couples, temporary workers, residents of remote areas, return migrants and others). In addition, the benefit is income tested: the income threshold increases with the number of dependent children and is more with young couples and the elderly. Finally, there is a maximum amount of rent for which subsidy may be paid. The benefit rate in 2001 was €100 a month for a family of four and was higher for families with more children. A similar non-contributory benefit is paid by prefectures to landlords on behalf of non-insured elderly who are unable to meet their housing costs. Benefit rates in 2001 were €70 and €92 for singles and couples respectively. Approximately 800 households are in receipt of this form of housing assistance. Finally, repatriation benefits may be paid to return migrants and immigrants of Greek origin by prefectures. The main benefit is a monthly allowance of about €35, aimed for those in financial hardship, aged over 60, claimed (according to some estimates) by 25 thousand persons. Various lump-sum benefits may also be provided as modest contributions towards resettlement expenses, transportation of household durables etc.

3. **Performance**

Although a detailed assessment of social security would by far exceed the scope of this paper, it is still necessary to shift attention from expenditure and instruments to policy outcomes. Moreover, performance can only be assessed against commonly agreed criteria, while it is well known that the objectives of public policy are multiple and, often, conflicting. Nevertheless, with these caveats in mind, a run through the list of the most widely acceptable of these objectives may allow useful insights[12].

Efficiency

Macro efficiency requires that the share of GDP absorbed by social expenditure must be sustainable. Social spending as a proportion of GDP, though rising, remains below EU average. On the other hand, spending on pensions is among the highest in Europe – and rising: as shown in Figure 3, on current form it is projected to spiral out of control[13].

Micro efficiency requires a balanced division of social expenditure between policies. By this criterion current patterns are highly problematic, as pensions seem to have grown to the point of crowding out other social programmes. As much as 91% of social transfers received by households in Greece are pensions, compared to a EU average of 68%[14].

Labour (dis)incentives should be minimised. The design of pension programmes favours early retirement, while the structure of the minimum pension encourages contribution evasion and "strategic manipulation". The latter leads to the seemingly paradoxical result that many pensions are at once "too low" (compared to earnings) and "too high" (compared to contributions paid)[15].

Security

Poverty relief requires that no household or individual should fall below a specified minimum standard of living. Greece is alone in the EU in not operating a guaranteed minimum income programme. In the absence of a last-resort benefit, the social safety net is full of gaps, through which individuals and their families can slip into poverty[16].

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[12] The categorisation followed here broadly mirrors that proposed by Barr (1993): 6-12. See also Goodin et al. (1999): 21-36.

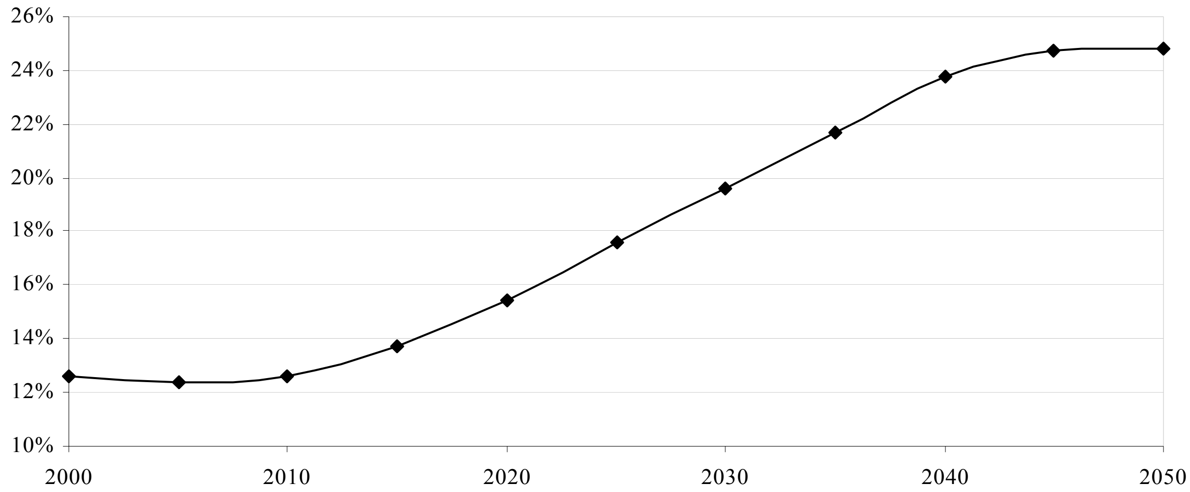
[13] For example see OECD (2002): 59.

[14] EC Household Panel data show that in Greece pensions correspond to 19.4% of total household disposable income, while other social transfers to only 2.0%. The relevant figures for the EU as a whole are 17.9% and 8.4% respectively. See Marlier & Cohen-Solal (2000): 3 and EC (2000): 107.

[15] Current rules imply that a large number of employees, within a broad range of earnings, will only receive the minimum pension whether they contribute for 13.5 years (the minimum required) or, in certain cases, for as many as 33 years. Presumably as a consequence of that, more than half of those retiring from IKA in 1998 had a record of less than 23 years of contributions.

[16] In fact, Matsaganis et al. (2001) have estimated that about 5.5% of the population have a standard of living below the minimum implied by the social pension (€1775 a year in 2000).

Figure 3: **Projected pension expenditure** (2000-2050)



Source: EPC (2002) Table 1 (pages not numbered). See also OECD (2002): 59.
Note: The underlying figures are percentage of GDP.

Insurance requires that no one should face an unexpected and unacceptably large drop in living standards. In terms of replacement rates, it was seen earlier that many pension programmes perform well (too well, in fact), though others less so. On the other hand, it ought to be noted that short-term benefits are low or not available at all for the self-employed and the precariously or illegally employed, two groups that make up a considerable proportion of the labour force.

Equality

Vertical equality (arguably) requires that resources must be redistributed towards low-income groups. The impact of social transfers in terms of poverty reduction is, as shown in Figure 4, much lower in Greece than is the European norm. The same result holds with respect to reduction in inequality[17].

Horizontal equality requires that differences in support should reflect relevant, not irrelevant differences. It can be argued that "relevance" refers to differences in need for assistance (anti-poverty objective), or in contributions paid (income replacement objective). It then follows that differences in membership of social insurance fund, occupational group, gender, age group and so on (insofar as they are not reflected in level of need or contributions paid) must be considered irrelevant. If this is accepted, then it can be concluded that social security in

[17] Heady et al. (2001): 556/562 found that the proportional decline in both inequality and poverty due to cash transfers in 1994 was lower in Greece than in every other EU country except Portugal. On the distributional aspect of benefits in the EU see also Marlier & Cohen-Solal (2000): 3.

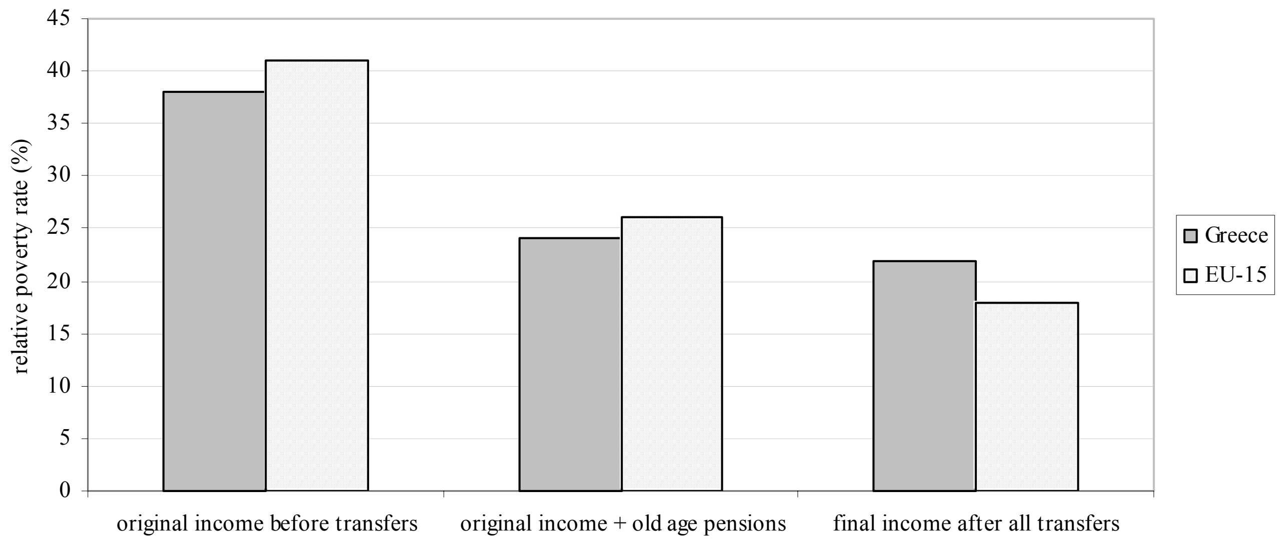
Greece fails the criterion quite badly, by virtue of the fact that entitlement to benefit is heavily conditioned by "irrelevant" factors, quite irrespective of attributes in terms of "relevant" factors. In a context of categorical fragmentation, the variation in level of benefit is often *positively* related to income and *negatively* related to prior contributions.

Inclusion

Dignity requires that cash benefits and social services should be delivered in such a way as to minimise stigma. The issue has never become the subject of either official inquiry or academic research in Greece. Note that the aim of minimising stigma is important on its own, but also as a means to improve take-up, on which below.

Solidarity requires that, to the extent that this is possible, benefits should depend on criteria other than economic status. Social insurance is argued to promote solidarity, while on the contrary narrowly targeted benefits polarise society between contributors and recipients.

Figure 4: **The anti-poverty impact of social transfers** (1997)



Source: EC (2001): 169-176.
Note: The relative poverty rate is defined as percentage of population with equivalent income below 60% of median. The underlying figures derive from the European Community Household Panel (ECHP).

This is generally correct, but it should be noted that in the context of Greece the fragmentation of social insurance implies that "group solidarity" is usually given precedence over "social solidarity".

Integration requires that benefits should be designed so as to allow recipients to participate fully in the life of the society in which they live. Due to the rudimentary nature of social assistance and the under-development of social services for those in need, social integration policies fall short of the standard implied by this criterion[18].

Feasibility

Administrative ease requires that benefits can be delivered at minimum cost to both claimants and benefit agencies. Social security is administered by various agencies, often not originally established for the purpose (e.g. family benefits provided by the "Agricultural Insurance Organisation" ΟΓΑ). Benefits are delivered without much effort to ensure that potential claimants are informed about their entitlement[19] and usually with great delay. Administrative failures might be blamed on under-staffing, were it not for the fact that the various agencies employ over 1% of the workforce.

Target efficiency requires that benefits should be designed so as to ensure a high level of take up and a low level of "leakage". The possibility that invalidity pensions in the past or disability benefits more recently have been granted to non-legitimate claimants was mentioned earlier. In contrast, concern about "leakages" (because of unreliable tax data and low administrative capacities) explained official opposition to the introduction of a minimum guaranteed income scheme. This is not mirrored by a similar concern that benefits reach those they intend to help, as benefit agencies do not normally take the view that ensuring a decent level of take up is their responsibility[20].

The above assessment, by necessity tentative and highly elliptical, naturally points to the conclusion that social security in Greece is in need of reform. In fact, it turns out that social security reform has been on the political agenda for most of the time since the early 1990s.

4. **Reform**

"Social security reform" is typically understood by politicians and the general public as "social insurance reform" or simply "pension reform". This is rather

[18] For a recent review of anti-poverty policies see Matsaganis (2002b).

[19] Until the Office of the Ombudsman was created (in October 1998), there was no effective procedure for addressing grievances. Since then, it has become the main depository of complaints about benefit agencies' alleged wrongdoings. Such complaints made up 30% of all cases taken up in 2001. For a detailed analysis see Ombudsman (2002): 103-127.

[20] The example of unemployment assistance for older workers, announced in the 2001 National Action Plan for Social Inclusion (NAP/incl), is instructive. The scheme is targeted to long-term unemployed workers aged 45-65 with annual income below €4100 for a family of four. The NAP/incl put the number of potential beneficiaries at 35,000. Instead, ten months after it was made available, the new benefit was being paid to exactly 711 individuals (2% of those originally expected to claim). For an analysis of take-up see Atkinson (1998).

unfortunate, as it unnecessarily narrows the scope of the debate. Nevertheless, given the relative weight of pensions within social security as a whole, it is also inevitable.

Until the summer of 2002, the most significant piece of pension legislation actually approved by Parliament was that passed by a conservative government in 1990-92[21]. Emboldened by a victorious electoral campaign, during which they had committed themselves to contain the soaring costs of pensions (which accounted for about half of the total budget deficit), the government announced a comprehensive package of reform, quickly withdrawn when a strike wave almost plunged the country into chaos. Subsequent legislation was considerably watered down: while it left largely untouched the privileges held dear by the "protected categories", it effectively made IKA (where most low-income workers belong) the main target. The strategy paid off. The General Confederation of Greek Workers ΓΣΕΕ, dominated by the unions of banking employees and workers in nationalised industries, opposed the bill with markedly less determination. Law 1902/1990 was followed by 2084/1992 two years later. Having learned the lesson of 1990, the conservatives sought to avoid direct confrontation with the trade unions, sparing their members most of the pain of adjustment and placing the burden squarely on future generations of workers. The new law introduced lower replacement rates (60% vs. 80%), higher contributions, as well as a retirement age of 65 for both men and women – but the new rules affected only those entering the labour market after 1 January 1993. Those already active faced a smaller rise in contributions and a gradual elimination of retirement age differentials between IKA and the "special funds" of civil servants, employees of state-owned industries and banks and the "liberal professions".

The socialists returned to power in 1993, having obstinately opposed pension reform when in opposition and pledged to reverse it when in government. Instead of that, a new reform of non-specified nature was announced for the future, to take place after a consensus among social partners had been reached through "social dialogue".

The pace of reform seemed to accelerate after a new "modernising" leadership rose to power when Simitis[22] became Prime Minister in 1996. An experts committee was soon set up, chaired by Professor Spraos, with the task of studying (and recommending ways to tackle) the structural problems of the

[21] For a fuller discussion of developments in social policy in the last two decades see Petmesidou (1996) and Guillén & Matsaganis (2000). On pension reform see Matsaganis (2002a) and Triantafillou (2002).

[22] Significantly, at the parliamentary debate of 1992 Simitis had criticised the conservatives' plans not for "dismantling the pension system" (as the party line went), but for not being innovative enough. He set out a three-tier system comprising a tax-funded basic pension, a contributions-funded occupational pension, plus a voluntary tier funded out of individual savings. See Parliament Proceedings (1992).

economy. The report on pensions[23], published in October 1997, contained a moderately pessimistic diagnosis of the problem and few explicit policy recommendations. Nevertheless, it still provoked a public outcry that led the government to distance itself from the report and indicate its intention to go back to the drawing board. The reactions to the report established something of a pattern that was to become familiar. It almost looked as if the country's entire political èlite (politicians from all parties, the trade unions, the press, independent commentators and other "opinion makers") refused to hear the bad news and preferred to kill the messenger instead. It became clear that the attitudes and convictions held by most of public opinion, which the socialists had a decisive role in shaping when in opposition, had come to haunt them now they were back in government.

Meanwhile, the government had declared EMU membership an overriding aim, while at the same time it pledged its commitment to "a cohesive society". The concept of selectivity was hit upon as the way to square the circle. The new orthodoxy yielded some early results. The income-tested pension supplement ΕΚΑΣ, introduced in 1996, had enabled the government to escape an earlier pledge to restore the link of minimum pensions to the minimum wage. The eligibility criteria for the new benefit included a test of incomes based on tax declarations – a feature hailed as a significant innovation. The emphasis on targeting manifested itself further in income restrictions on benefits paid to "many children families". The new strategy soon ran out of steam, presumably for lack of targets in a social security context dominated by contributory benefits[24].

It might have been expected that the drive to meet the Maastricht criteria in the late 1990s (after all, widely accepted or, at least, not openly opposed in the country at large) would strengthen the case for reform. Indeed, as the Italian experience[25] had manifested, fiscal consolidation could be an excellent opportunity for wider-ranging reform, geared to make the pension system at once less inequitable and more viable. EMU was a good hand, but it was played badly. In a policy agenda that, among other items, included the privatisation of utilities and state banks (directly antagonising some of the socialists' most powerful constituencies), pension reform still proved to be the hottest of all potatoes. When it became evident that entry to EMU could be achieved even without it (while, in any case, its positive fiscal effects would be felt after many years), pension reform was quietly postponed.

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[23] See Committee for the examination of macroeconomic policy (1997). For an analysis of events surrounding the publication of the "Spraos Report" see Featherstone et al. (2001).

[24] The experience of targeting benefits in Greece is critically reviewed in Matsaganis (2002c).

[25] For an account of how EMU strengthened the hand of reformists by facilitating "blame avoidance" on the part of governments see Dyson & Featherstone (1996) and Radaelli (1998).

The truce could not last long. Soon after the 2000 general election that gave the socialists a new mandate, pensions made a reappearance at the top of the political agenda. The British Government Actuaries Department were called in to study the future prospects of the system. If the government had hoped that bringing in outside experts would help build consensus, it was soon disappointed. Trade unions protested that data analysis was conducted in secrecy, without their participation. In a climate of mutual mistrust, the trade unions' research foundation INE conducted its own separate study. However, the two studies yielded broadly similar results. As Figure 5 shows, the pensions' deficit (or "financial requirement", as trade unions preferred to call it) was projected to remain modest until 2010 and to soar thereafter.

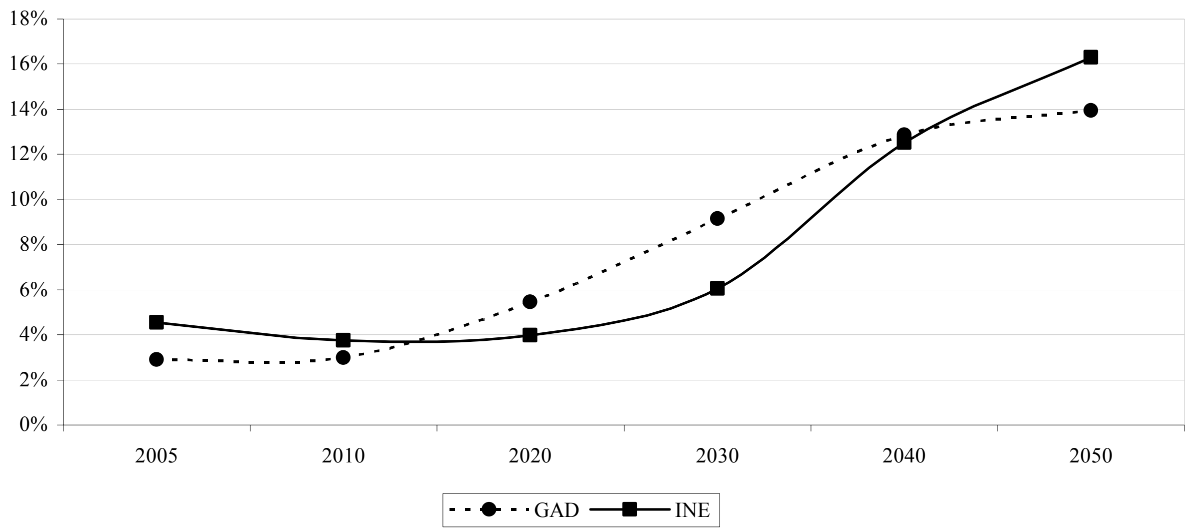
The government's proposals[26], finally made public in April 2001, were measured. The retirement age was to be raised to 65 years for all. The insurance period needed for a seniority pension (awarded irrespective of age at retirement) was to be extended from 35 to 40 years. The replacement rate was to be reduced to 60% of reference earnings, defined as the best 10 of the last 15 years. The lower retirement age for mothers of under-age children (an arrangement notoriously expensive and wholly misconceived as family policy) was to be replaced by a contributions credit of two years per child. The minimum pension (projected to fall to very low levels for future retirees as a result of the conservatives' legislation) was to be raised and become means tested. In terms of financial savings, the government estimated that its proposals would cut the cumulative deficit of pensions over the next 50 years by 17.5% (from €350 to €290 billion). Overall, the proposals remained firmly within the boundaries of a public, pay-as-you-go, defined-benefit system that, if implemented, would become a bit more viable and considerably less inequitable. If anything, the government could be criticised for not being radical enough[27].

Instead, of course, the government plan was received as if it meant "the end of welfare as we know it". It became conventional wisdom that the measures were unnecessarily harsh. Cabinet ministers, who had been extensively briefed on the proposals' content before their official release without raising objections, expressed surprise and dismay.

[26] Ministry of Labour & Social Insurance (2001a).

[27] That was the position of two small political organisations (the centre-right "Liberals" and the left-of-centre AEKA) who proposed variations on a three-tier pension structure with a "notionally funded" main tier, as in the Swedish and Italian systems. With notional funding, pensions remain pay-as-you-go but benefits are individually related to prior contributions. Under such a system, retirement age is no longer fixed but becomes (within reason) a matter of choice. This makes the trade-off between level of pension and length of retirement transparent (and the usually bitter debate on the appropriate official retirement age unnecessary).

Figure 5: **Projected pension deficit** (2005-2050)



Source: The estimates of the British Government Actuaries' Department (**GAD**) refer to the central model, Table 24. See Ministry of Labour & Social Insurance (2001b): 44. The estimates of the General Confederation of Greek Workers' Labour Institute (**INE**) correspond to scenario 1 (employment rate 72%, replacement rate of those insured since 1993 80%, investment rate of return 3%). See INE (2001) (pages not numbered).

Note: Projected deficit is defined as difference between expenditure and revenue, excluding state finance, as percentage of GDP. GAD estimates exclude the cost of civil servants' pensions. INE estimates exclude the cost of both civil servants' and farmers' pensions. GDP projections from the GAD report were used to express INE estimates of the pension deficit as percentage of GDP, since the latter estimates were originally given in absolute figures only.

Soon, a general strike was called by the trade unions' confederation ΓΣΕΕ, socialist-led but with a disproportionate number of leaders (and, to a lesser extent, members) coming from the unions of state-owned banks and utilities. Under these circumstances, it was only a matter of time before the government withdrew its proposals and called, yet again, for "social dialogue".

Under pressure from the European Commission and other international organisations (while also risking to lose face in the domestic arena on the one issue it had repeatedly promised to tackle), the government resolved to do something about pensions. With a new minister in charge, the emphasis was put on presentation. Confrontation avoidance and consensus seeking were the order of the day. In March 2002, the new minister set out his vision in a paper[28], whose main purpose seemed to be to assure that pensions were safe in the government's hands. In fact, it contained few specific proposals, other than to signal that the next round of legislation would concern wage earners alone. In June 2002, a new pension bill was presented to Parliament. Its main provisions were the following. The replacement rate was set at 70%, as in IKA, up from 60% for those who entered the labour market after 1 January 1993 and down from 80% for older

[28] Ministry of Labour & Social Insurance (2002).

cohorts of civil servants and workers in nationalised industries and banks[29]. Reference earnings were extended to the last 5 years in the "special funds" and to the best 5 of the last 10 years for IKA workers. The minimum pension for those who started work since 1993 was fixed to 70% of the minimum wage. A lower rate of minimum pension was introduced for those with less than 15 but over 11.66 years of contributions. Otherwise, IKA was refashioned as the "single fund of wage earners" (gradually to absorb the "special funds") and was guaranteed state funding to the tune of 1% of GDP a year. On the whole, the egalitarian drive of 2001 was significantly softened. The bill included no provisions for a change in retirement age. In fact, as a result of seniority pensions being made available to public sector workers, it was expected that 2.5 million workers will retire earlier, another 1.0 million will be unaffected, while no-one will retire later[30]. There were no estimates of the new plan's effect on projected cumulative deficits, which both the government and the trade unions had found to be unsustainable only one year earlier – and which the "unnecessarily harsh" measures proposed by the previous minister would reduce by a mere 17.5%.

Once more a general strike was called by the trade unions' confederation ΓΣΕΕ (under a new majority including some socialist unionists but not the chairman), jointly with the socialist-dominated civil servants' union ΑΔΕΔΥ (by unanimous vote). However, this time it looked as if unions went through the motions of contesting the reform, without really hoping to defeat it. On 19 June 2002, Parliament approved the bill in a watered-down version (for example, as regards the entry of "special funds" into the new IKA, now to be "voluntary") as Law 3029/2002. It seemed a fittingly disappointing conclusion to a season of pension reform that had been inaugurated amidst high hopes six years earlier.

5. **Conclusion**

The 2002 legislation will certainly, if temporarily, take pensions off the political agenda. Nevertheless, the issues raised by the debate remain largely unresolved. A partial list, with some hints to possible solutions, follows below.

Contributory pensions are propped up by a heavy dose of state finance, distributed unevenly and inequitably between social insurance funds. The clearer separation of contributory from non-contributory benefits (funding the latter out of general taxation and the former through employee and employer

[29] Nevertheless, the pensions of civil servants (especially those appointed after 1983) are expected to rise despite the reduced replacement rate, since the accrual rate will rise from $^{1}/_{50}$ to $^{1}/_{35}$ per year, while the definition of pensionable earnings will include a hitherto exempted allowance of €176 per month.

[30] For example see the daily newspaper TA NEA 5 June 2002, pages 33-40.

contributions), is a promising policy path recently taken in Italy and Spain[31] that provides a more favourable framework in which to assess alternative options. For instance, the redeployment of state finance away from subsidies to social insurance funds and towards a distinct non-contributory pension programme would allow the incorporation of existing instruments (minimum pensions, social pensions and ΕΚΑΣ) into a rational and more effective system of income support in retirement. Such a programme would be large enough, on a fiscally neutral basis, to enable the provision of a universal basic pension of about €200 a month to all residents aged 65 and over[32].

Rationalising pension spending is necessary *per se*, but is also a means to shift the balance back towards benefits other than pensions. As seen earlier, the social safety net currently in place is fragmented and ineffective. Creating a social security system that is more comprehensive in scope and more universal in coverage, but not less affordable for that, requires redesigning the current structure of benefits. This would certainly be demanding in terms of political and organisational resources, though not necessarily so in terms of *financial* resources. By way of illustration, the recent introduction of unemployment assistance for older workers should be extended to all long-term unemployed and first-time job seekers (provided, of course, that they live in low-income households). The existing family allowances and many-children benefits should be amalgamated into a single benefit payable from the first child[33]. The plethora of disability allowances should also be merged into a single benefit with supplements for extra needs. Housing benefits should be extended to all low-income tenants irrespective of contributory record. Last but not least, all of the above should be underpinned by a guaranteed minimum income scheme that will combine cash support in case of extreme hardship with individual social re-integration plans[34].

The history of social security in Greece demonstrates that reform proposals that can be shown to constitute "positive sum" solutions, in the sense that the gains of

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[31] See EC (1998): 58. In Spain, the separation of contributory from non-contributory benefits was part of the Toledo Pact (Blanco Angel 2002). In Italy, it was a key recommendation of the Commissione per l'analisi delle compatibilità macroeconomiche della spesa sociale (1997), known as the "Onofri Committee".

[32] See Matsaganis (2001a): 35. For a wider discussion on combining contributory and non-contributory pensions see Schokkaert & van Parijs (2003), Esping-Andersen et al. (2002) and Gillion et al. (2000).

[33] Abolishing all existing family benefits and tax credits would save enough to allow the provision of a monthly flat-rate benefit of over €30 per child to all families with children aged up to 18 years, regardless of income. For a more detailed analysis see Matsaganis (2001b).

[34] For a discussion of guaranteed minimum income schemes in the context of southern Europe see Matsaganis et al. (2003). For a simulation of the effects of such a scheme in Greece see Matsaganis et al. (2001) who estimated that it would raise total social expenditure by 1% or 0.23% of GDP.

winners are larger than the losses of losers, can nevertheless be neutralised by the latter's effective mobilisation. Those who stand to lose most from reform are over-represented in trade unions and political parties of all colours. In contrast, those who stand to gain most (the poor, the unemployed, precarious workers, women and the young – including the proverbial future generations) have a much weaker voice. Therefore, reform can only be successful if supported by a broad advocacy coalition, uniting those discriminated against by the current system with those prepared to argue for change even though personally better off under the *status quo*. In any case, future reformers would do well to remember that:

> "Given the barriers of a social and political nature, the only route to take is that of critical discussion, of intellectual provocation, of reasoned persuasion. No reform passes without the support of social coalitions interested in it and without political forces capable of imposing it. Nevertheless, the raw material of every reform is always an ideal blueprint for change; and with time, a serious commitment on the front of ideas can help remove even the most resistant of barriers."[35]

[35] Ferrera (1998): 108. For the concept of "advocacy coalitions" see Sabatier (1998).

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