Making Sense of Crisis - debts and discourses

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Abstract

This paper explores the theoretical setting for an ethnographic study of volunteering and charity in post-recession Greece. Exploring the affective, narrative and performative qualities of finance, it examines how macroeconomic policy and the production of debt are implicated in conditions of precarity and the humanitarian response to them.

Introduction

How to make sense of the events that have engulfed the lives of people in Greece? Variously labelled a fiscal crisis or a political crisis, an economic or a humanitarian one – were these happenings rooted in a crisis of policy that preceded 'the crisis', or a crisis of policy in response to it? In labouring over these definitions, I aim to draw attention to the representational power evoked by these respective diagnoses. After all, who would be surprised to learn that financiers attribute these circumstances to fiscal imprudence and debt to GDP ratios, or that NGOs and activists condemn the activities of financial and political elites*?* From an anthropological perspective, both views are intelligible in terms of the lives and habitual practices of these social actors, the institutional arrangements they animate, and the assumptions which underwrite them. Both views matter because it is the tensions between them which will ultimately shape the answer to the question latent in these discourses of crisis: how should circumstances in Greece be resolved? Inevitably, this question is a normative one: should markets be allowed to take their course, should government intervene – how should economy and society be ordered? In this contest for explanatory power, some voices loom larger than others. Pursuing an ethnography of post-recession Greece, my research, however, attends to the quieter, though more numerous, voices whose personal experiences necessarily situate 'the crisis'. In preparation, this essay traces some of the fault-lines and contradictions that shape the interaction between macroeconomic policy and solidarity movements. Contrasting financial and popular experiences of credit/debt and risk, it will briefly explore how such arrangements are implicated in the conditions of precarity we see in Greece, and in turn, the ethical response to them.

Credit

Upon first glance, it may not seem obvious what anthropology can contribute to the study of finance. Yet Gillian Tett of the Financial Times was one of the first to warn of serious problems in capital markets, something she herself attributes to her training in anthropology (Tett 2009: *xii*). Rather than through economic analysis, it was close observation of the culture and practices of finance that first alerted her to the problem. Although somewhat anecdotal, what this example points to is the value of understanding the social context of finance, something economists themselves increasingly recognise in their own behavioural, cultural and institutional models (Akerloff and Shiller 2005; Shiller 2015). So it is that in this era of financialization anthropologists have turned to the study of finance, attending particularly to its role as a powerful mediator of social relations and arm of globalisation (Ho

2009; Holmes 2013; Miyazaki 2013; Ouroussoff 2010; Riles 2004; Riles 2011; Tsing 2000; Zaloom 2006). But from where does finance draw this power to refigure the world around it?

Investment entails delayed returns. At the same time, it provokes uncertainty as to whether these returns can be fulfilled. Financiers must therefore inspire confidence in their activities and do so by appealing not only to reason but also through rhetoric and persuasion. A speculative quality is therefore common to finance, as it depicts the possibility for future profit. Beyond the calculative modes of certainty used to establish authenticity, financial practices must therefore also dramatize themselves in order to attract capital (Tsing 2001). In fact, it do so precisely by managing this tension between the known and the unknown, between reason and affect (Zaloom 2009: 246). Either speculative or arbitrage, finance depends upon exploiting the unknown, and as uncertainty rises so too does the opportunity for profit.

Managing sentiment is thus instrumental to finance, so it unsurprising that we see these same concerns reflected in the work of central bankers and regulators. Holmes (2013), for example, argues that the policy frameworks which characterise Western central banks increasingly foster forms of monetary policy premised upon direct intervention in public expectations. He writes: "confidence is continually shaped and modelled as public discourse (Holmes 2013: 67). In statements drafted by trained linguists, central banks model the economy, word by word, through what Holmes refers to as 'communicative action'.[1] Blurring the boundaries between money and language (Hart 2000), in fact, makes sense when we remember that finance, debts, and currencies, are, in effect, promises. Discourse can therefore be said to be essential to the workings of the economy, but why draw attention to the affective, performative and narrative aspects of finance here?

First, if risk can be said to be the medium of finance, financiers can also be said to be invested in reproducing it. But while risk may generate value for financial elites, the influence of their activities on the wider economy produces a different kind of risk for others. As Ho describes it, "their personal crises and institutional culture are dramatized in the production of financial crises" (2009: 252). Second, understanding the economy in terms of narratives recasts our understanding of the crisis in the Eurozone. It is not simply doubt that Greece's debt cannot be fulfilled, but that this possibility reveals the weakness inherent in monetary union unsupported by full fiscal union. Recession, exaggerated by a technocratic and didactic policy response on the part of the EU institutions, further undermines the story of Europe as democratic, culturally pluralistic and aspirational. Finally, the drama surrounding crisis is also susceptible to manipulation, "leaving events open to wide-ranging populist and rancorous nationalist narratives" (Holmes 2013: 200). So it is that debt in Greece have been used to justify reform and austerity policy elsewhere in Europe (Knight 2013: 155-156). Yet debt is relevant not only as an economic discourse, but also as it is implicated in the practical arrangements of day-to-day life.

Debt

Between these cycles of boom and bust, indebtedness has been on the rise, both at a national and individual level. In Greece, as elsewhere, the expansion of credit has coincided with the

[1] Holmes draws upon a school of sociological studies of finance which posit the role of economists and regulators in the economy as performative (Callon 1998, Mackenzie *et al.* 2007; MacKenzie 2008).

transition to democracy, being bound to aspirations of affluence and modernity (Placas 2008). James recounts a similar story in the context of post-apartheid South Africa, where the restitution of denied rights has framed the opening up of credit (James 2014: 30). Although South Africa's economic fortunes have prospered in this context, so too has the level of borrowing, especially among the middle class, prompting national concern over its sustainability. Social aspirations, which find expression through investments in private education, compete with pressure to purchase consumer goods, fuelling the demand for debt (James 2014: 55). Others take on debt to meet social demands in the present, including marriage payments or redistributions to wider kin, but at the expense of interest payments owed to multiple lenders (James 2014b: 23). Thus, while debt and uncertainty may be a source of opportunity and profit, these shifting liabilities also pose dilemmas, both for those involved and indirectly for those around them.

In her analysis of the changing dynamics of corporate America, Ho argues: "debt was the mechanism through which corporate wealth was transferred from multiple stakeholders of a corporation to a small number of owners" (2009: 146). Here, leveraged buyouts at once concentrated wealth while legitimating corporate values which prevailed in the financial sector. Debts then, can directly refigure social relations, by creating obligations between some and collapsing them between others. Sneath (2012) notes similar tensions surrounding debt in the transition from a socialist economy among pastoralists in Mongolia. In this case, privatization individualised risk, in the form of losses of livestock during extreme winters, which had previously been redistributed through collective enterprises. Without this, climatic instability and seasonal income have propelled a concentration of wealth in the context of an overall rise in indebtedness. Moreover, "although advanced as a solution to the variability of income and associated risks, debt exposes households to new sorts of risks" (Sneath 2012: 472) as the vicissitudes of interest rates and payments further destabilise livelihoods.

Financial indebtedness also spills over into other senses of debt, overlapping with and disrupting more widely held senses of obligation and trust. Palomera (2014) provides an apt example of this, describing how mortgages wrought changes among communities of migrants from Dominican Republic, living in Spain during 1990s and 2000s. Strongly community orientated prior to acquiring mortgages, over time ideas of reciprocity were gradually transmuted from 'mutual support' to 'paying one's way'. Social relations became more atomized as wealth and status disparities put pressure of existing expectations and arrangements. Such pressures were further compounded following the global recession, as the need to fulfil mortgage repayments created conflicting demands amongst obligations to family and friends. As Han succinctly puts it: "international credit becomes entangled with the desire for infinite responsibility to kin" (Han 2012: 21). More than this, however, the strains of a 'life in debt' are also embodied, lived experiences, constituted positively in acts of care but also internalised as 'neoliberal depression' (Han 2012: 129). It is to consideration of how to undertake an ethnographic study of this 'life in debt', and the anxiety it provokes, to which I turn now.

Precarity, Solidarity, Charity

If discourses of crisis are fraught with representational power, this does not deny the extreme conditions people are facing in Greece – how, then, can this topic be approached? Some social scientists have advocated the notion of precariousness as a medium to describe livelihoods at risk, both in overt times of 'crisis' and otherwise (Standing 2011). In a particularly devastating account, Allison (2013) documents the unfolding of a 'silent' crisis in Japan, in the form of an encroaching loneliness, a sense of dislocation and disaster in the popular imagination. She describes the lives of day-labourers and other *hakon*, temporary workers, who spend their days chasing underpaid, unstable employment and their nights in flophouses and net-cafes, unable to afford permanent accommodations. At the same time, she recounts stories circulated in the media: of persons socially abandoned starving to death in their apartments, of acts of apparently senseless violence among families, and of *hikkiomori*, a new social class of recluses consciously withdrawing from society. In this, she emphasises that precariousness is not simply a matter of material livelihoods but also "a state of desperation, of panic over debt collectors and rent, a life lived on the edge" (2013: 6).

Perhaps what is most shocking about Allison's ethnography is that it cuts through the façade of Japan as a wealthy, middle-class country[2]. For the purposes of this discussion, it also matters because in doing so Allison insists that what we call 'crisis', is in fact, a pervasive, global condition. In other ways, her work also resonates with happenings in Greece, such as the increased political drift to the right among Japan's youth, something they actively link with belonging and opportunity (Allison 2013: 61). As Knight puts it, "uncertainty is also opportunity" (2015: 122) but, as he himself describes in connection with the adoption of photovoltaics around Trikala, such opportunities are also fraught with risk (2013b). Another resonance can be found in the voluntary and social movements which consciously set themselves against precarity. The 'opportunity' these groups articulate – the chance to remediate a humanised economy – is precisely that which Rakopoulos (2013) and others (Margomenou & Papavasiliou 2013) report.

Yet in the context of neoliberal austerity welfare reform, other scholars, while respecting the ethical motivations of these movements, have raised doubts as to their future. In 1997 South Korea, like many other countries nearby, experienced a debt crisis. In her account of subsequent neoliberal welfare reforms, Song (2009) argues that it was the language of civil rights, developed during protest movements against the military government of the 1970s, which allowed the state to divest itself of responsibility for welfare. Similarly, in the context of voluntary and cooperative movements in Northern Italy, Muhlebach (2012) argues that volunteering produces new inequalities at the expense old ones. Indeed, the pursuit of 'solidarity', what Carrithers (2009) calls an 'inchoate we' may inadvertently allow government to divest itself of responsibility, something which can be observed in the rhetoric of governments worldwide. In Han's words: "representations of exclusion and suffering mobilize moral sentiments of compassion, indignation, and care, and these moral sentiments have political value which entails specific forms of intervention" (2012: 23).

Conclusions

At the start of this essay I posed the question: how to make sense of the events that have engulfed the lives of people in Greece? In the discussion that followed, I brought together some of the representations, discourses, situational contexts and practices which I believe will inform such an ethnographic study. In doing so, I have attempted to show how macroeconomic policy matters not only in the aggregate but also as it is situated in the personal, everyday dilemmas of people's lives. Debts, and their associated risks, are transformative, able to expand opportunities and collapse others, and so, like debates over

[2] In 2007, for example, twenty million Japanese fell beneath median income, second highest behind the United States on this index among OECD countries (Allison 2013: 5).

welfare and charity, are morally loaded. In this respect, discourses of the crisis can be viewed as thinly veiled moral discourses as they validate or repudiate the ongoing negotiation as to who gets what, when and why. As my ethnographic research will necessarily evoke responses to these questions, I have also drawn out some of the contradictions and potential pitfalls of pursuing this avenue of research. In raising such debates, I do not wish to dismiss the work of volunteers who have set themselves against precarity and deprivation. Rather, sharing these concerns, both for people within Greece and beyond, motivates me to pursue these potential ambiguities. Indeed, these moral sentiments, like the economic discourses described above, are a crucial part of the ethnographic puzzle. However, treating them with sensitivity, I think it is right to ask - will emergent social movements allow the state to divest itself of welfare responsibilities or will their momentum contribute to social and economic renewal? Is charity a 'gift that wounds' (Douglas 2002: *ix*), and if so, can the solidarity economy resolve this paradox in an increasingly precarious Greece?

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Political turmoil in Greece under the IMF Programme:
Labour Immobility, External Conditionality and Political Unrest

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Abstract

This paper analyses political unrest in Greece between 2010 and 2012 under a stand-by arrangement signed with the 'Troika' (International Monetary Fund, European Commission, and the European Central Bank). Following the agreement, Greece —a long-time consolidated democracy— has experienced near political implosion. It is puzzling since Greece was a highly unlikely candidate for political instability due to its strong economic growth in the preceding decade and stable democratic institutions. Hence, this paper poses the question: why do we observe political instability and the rise of unrest in Greece when we expected it the least? The paper argues that political unrest in Greece broke out due to the tensions created by the sudden deregulation of the labour market in a country where labour is exceptionally immobile. Labour market deregulation under the IMF programme have created uncertainties and loss of income for immobile workers in Greece in the short-term and hence generated grievances. The labour groups attempted to mobilise their deep ingrained ties with the political authority in order to overcome the loss of current and prospective income under the conditionality. Nevertheless, extensive budget cuts inhibited policymaking for appeasing those groups. In addition, democratic accountability was challenged due to the asymmetrical relationship between the IMF and the Greek policymakers. While the political authority on the one hand was almost paralysed due to the external impact, on the other hand it came under increased pressure from the labour groups. In the clash of the two, governability rapidly declined fuelling further instability. As a result of rising labour grievances and declining problem-solving capacity of the political authority, we observed large-scale political unrest in Greece.

I. Introduction

This paper analyses political unrest in Greece between 2010 and 2012 under a stand-by arrangement signed with the Troika' (International Monetary Fund, European Commission, and the European Central Bank) on 5th May 2010. Following the agreement, Greece —a long-time consolidated democracy— has experienced near political implosion. Political instability manifested itself in declining governability and rising contentious mass politics. Frequent demonstrations, violent street protests, damage to public and private property, labour unrest and frequent strikes, party system collapse, governmental crisis with the sudden fall of the PASOK government, and rising political extremism both on the left and the right end of the political spectrum followed the agreement. Greece was, in fact, an unlikely candidate for political unrest in 2010. The country has had inclusive political and economic institutions at the time. Its democracy was consolidated, and there has been substantial redistribution and welfare spending (Polity IV 2014; OECD 2014). There has also been an impressive decade-long GDP (Gross Domestic Product) growth before the onset of the crisis. The 'exceptional' case of Greece raises the question: why do we observe political instability and the rise of unrest in Greece when we expected it the least?

This paper argues that political unrest in Greece broke out due to the tensions created by the sudden deregulation of the labour market in a country where labour is exceptionally immobile. Labour market deregulation under the Troika programme have created uncertainties and loss of income for immobile workers in Greece in the short-term and hence generated grievances. The labour groups attempted to mobilise their deep ingrained ties with the political authority in order to overcome the loss of current and prospective income under the conditionality. Nevertheless, extensive budget cuts inhibited policymaking for appeasing those groups. In addition, democratic accountability was challenged due to the asymmetrical relationship between the Troika and the Greek policymakers. While the political authority on the one hand was almost paralysed due to the external impact, on the other hand it came under increased pressure from the labour groups. In the clash of the two, governability rapidly declined fuelling further instability. As a result of rising labour grievances and declining problem-solving capacity of the political authority, we observed large-scale political unrest in Greece.

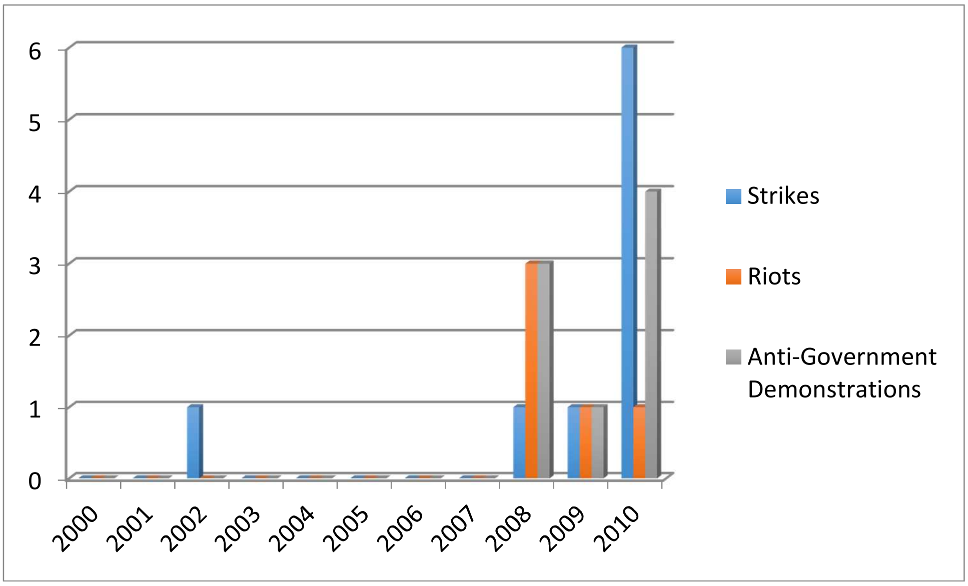
The data for this chapter come from eight elite interviews with key ministers such as Ministers of Finance, Economics, Labour and Social Protection, and Development and Infrastructure, and trade union representatives as well as IMF and European Commission officials. The chapter triangulates the interviews with the archival data, relevant newspaper articles and selected leadership speeches. Statistical data come from OECD STAN database, International Labour Organisation (ILO), ELSTAT (Hellenic Statistics Authority) Labour Force Surveys, the IMF, and Eurostat (European Commission Statistics Database).

II. The economic crisis, 'Troika' lending and labour unrest in Greece

The economic crisis in Greece started with the revelation of large public debt following the September 2009 elections. Although constant decrease in competitiveness and increasing debt to GDP ratio have been 'Achilles' heel' of the Greek economy (IMF 2006), the Greek banking sector initially demonstrated resilience on the face of the global financial crisis started in 2008 (IMF 2009). Once the large budget deficit of Greece, which was three times higher than the Eurozone criteria, was exposed, however, market confidence rapidly deteriorated. Panic that Greece would not be able to pay its debt back to its creditors ensued. Government bond spreads rapidly increased in the last quarter of 2009 and the beginning of 2010; 2-year bond spreads increased from 652 basis points on 8th April 2010 to 1739 basis points in 7th May 2010 before the completion of the agreement (European Commission 2010). The Greek government became effectively unable to borrow from the markets (European Commission, 2010, IMF 2010). The bail-out programme signed between the government and the International Monetary Fund (IMF), the European Commission (EC) and the European Central Bank (ECB) ('Troika') was intended to lend the government much needed credit and allow it to stay outside of the markets until recovering from the crisis. On 5th May 2010, Greece signed the first Memorandum of Understanding and Memorandum of Financial and Economic Policies, and agreed to borrow 110 billion Euros (80 billion from the ECB and the EC as well as bilateral agreement with the EU countries, and 30 billion Euros from the IMF) over a three-year period.

Labour conditionality measures in the programme immediately generated opposition among the labour groups in Greece. The representative of the GESEE (General trade union for private sector workers) met with the representatives of the EC, ECB and the IMF on 28th April 2010 prior to the agreement (GESEE 2010a). One day later, on 29th April 2010, he met with the Prime Minister, George Papandreou. Describing the programme 'unacceptable for the workers' rights, GESEE President, Yiannis Panagopoulos, stated that "labour will resist the measures militantly" (GESEEE 2010b). Particularly, he declared that dismantling of collective agreements and the reduction in the role of OMED (arbitration institution) "were unacceptable" (GESEE 2010b). The Union immediately called for a 24-hour general strike on 2 May 2010 prior to the conclusion of the agreement (GESEE 2010c). After this point, the programme generated full-fledged labour unrest in Greece. In the following years, "the cradle of democracy rocked the world", as Mark Mazower puts it (New York Times, 2012b).Ten general strikes, multiple demonstrations and protests followed the two-year period between 2010 and 2012 (GESEE 2010, 2012). Violence, destruction of public and private property, regular strikes and stoppage, closures of roads, occupation of universities and public buildings and the clash between protestors and the police have been regular instances since the completion of the agreement in May 2010 (New York Times 2012a) *(Please see the Figure 1 depicting the sudden eruption of strikes, riots and protests in Greece in 2010).*[1]

Figure I. Strikes, Riots and Protests in Greece between 2000 and 2010



Source: Banks dataset (2012).

The scientific director of GESEE, George Argeitis, succinctly states the motivations and reasoning of the trade unions by arguing that "labour flexibility is catastrophic for labour, for our institutions, for our society, and so we [GESEE] reacted and tried to block its implementation" (Interview No.3). Labour flexibility is perhaps so 'catastrophic', since labour is highly immobile in Greece. The next two sections explains the underlying reasons for labour immobility and its consequences under the labour flexibility measures.

III. Labour Immobility and Employment Protection in Greece

Labour is pronouncedly immobile in Greece. Formal job tenure is the highest among the OECD countries. Whereas 30.9 per cent reported that they had their current job for less than six months in the country in 2007, the percentage was considerably higher in Turkey and

[1] Riots and anti-government protests recorded in 2008 erupted when a police officer shot a 16-year old, Alexis Grigoropoulos in Exarchia, Athens on 6 December 2008. After his killing, large-scale protests and riots followed, which were recorded by the Banks dataset. In 2010, on the other hand, we observed more labour unrest that youth rioting with the sudden eruption of strikes.

Ireland in the same year: 43.4 and 43.5 respectively. While labour seems to moderately adjust to the crisis with decreasing tenure, the gap between Greece and other OECD countries remains extensive. In 2011, while 42.3 per cent of respondents in Turkey and 24.8 per cent in Ireland had less than six months job tenure, it was 18 per cent in Greece (OECD 2014).[2] Similarly, inter-industry reallocation levels—the number of workers changes in-between manufacturing industries—are twice smaller than the OECD average (*please see the Table I for the industry-reallocation levels among OECD countries).*

Table I: Cross-Sectoral Mobility between 2000 and 2009 for six OECD countries

	2000-2001	2001-2002	2002-3003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Average
Germany	0.018	0.026	0.029	0.015	0.015	0.03	0.021	…	…	0.023
Greece	0.018	0.011	0.014	0.024	0.010	0.011	0.006	0.008	0.005	0.012
Ireland	0.195	0.134	0.128	0.147	0.279	0.267	0.196	0.089	…	0.179
Norway	0.028	0.033	0.024	0.025	0.040	0.037	0.027	0.021	0.056	0.032
Portugal	0.032	0.020	0.017	0.023	0.020	0.019	0.033	…	…	0.022
Turkey	0.019	…	0.033	0.030	0.007	0.008	0.017	0.028	…	0.020

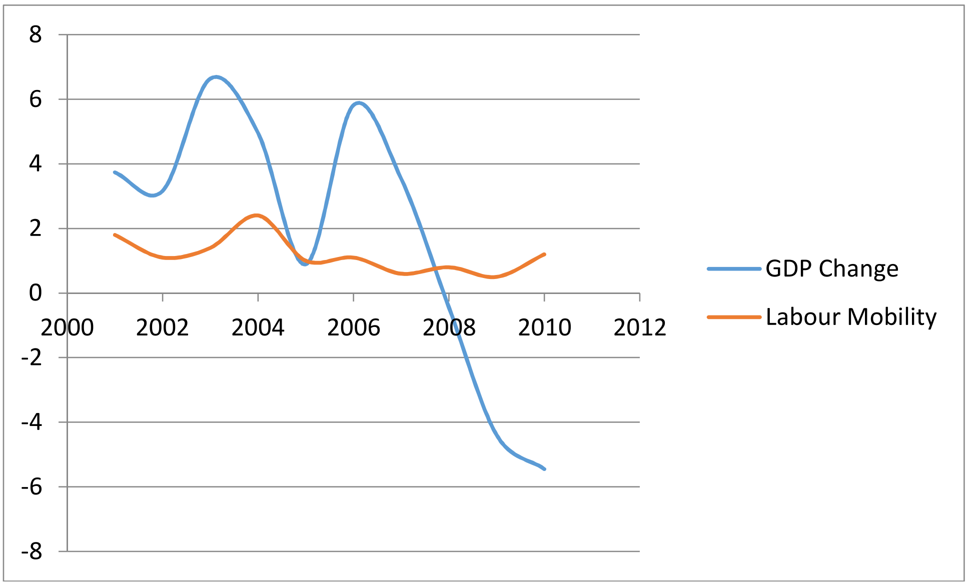
As expected, Greece demonstrates considerably lower levels of cross-sectoral mobility compared to other OECD countries such as Ireland, Portugal and Turkey. It is the least mobile country among the OECD nations (0.012). Ireland outnumbers all of the OECD countries in the analysis by its extensive labour mobility (0.179) and fares extensively better than Norway (0.032) despite the fact that it is the most mobile country in multiple analyses (Hiscox and Rickard 2002). Portugal and Turkey have lower levels of mobility due to low levels of educational attainment and lack of state subsidies for vocational training. Yet, they still score better than Greece: Portugal has the mobility rate of 0.022 and Turkey of 0.20.

What is more interesting, moreover, other economies such as Turkey and Norway seem to adjust to the decrease in the output by exhibiting higher levels of mobility, whereas the trend is in the opposite direction in Greece. The Greek economy have higher levels of mobility when the economy is growing such as between 2002 and 2003 (0.014), whereas mobility declines to as low as 0.005 at the onset of the crisis between 2008 and 2009 (*Please see the Figures II depicting the positive correlation between the annual percentage changes in GDP per capita income and labour mobility in Greece)*. 2004 seems like an outlier both in terms of labour mobility and annual change due to the immense infrastructural projects for the Olympic games of 2004 (0.023—the highest mobility registered). As opposed to Greece, the Turkish economy for example registered the highest mobility at the top of the crisis between 2002 and 2003 (0.033) and the lowest when the economy started to grow again between 2004 and 2005

[2] Job tenure in the shadow market is obviously not monitored.

(0.007).[3] Similarly Norway reaches the highest mobility in a decade at the onset of the crisis in 2008 (0.056).

Figure II: Annual GDP Change and Labour Mobility in Greece between 2001 and 2009[4]



Labour mobility can clearly be a prominent strategy in coping with the crisis. In Greece, on the other hand, labour mobility and GDP synchronise: they increase and decrease together. The lack of similar adjustment in Greece can be explained with three factors; level of employment protection and the prominence of the labour unions, governmental expenditure during the crisis, and the wage differentials across sectors, i.e. public, private and informal sectors. Firstly, employment protection legislation is strict in Greece (OECD 2012). Workers cannot change jobs faster than the usual during the crisis away from loss-making sectors towards the sectors where there are employment opportunities. Secondly, governmental investment in economy can logically shift workers into those promoted sectors away from the sectors experiencing decline (Hall and Soskice 2001). For instance, Norway similar to many western European countries and the U.S. responded to the global financial crisis by expansionary policies. Such expansionary policies might induce labour mobility towards supported sectors. Either option was not available in Greece. Employment protection is strict, and increasing governmental investment was not feasible due to extensive budget cuts. Thirdly, significant wage differentials in Greece mean workers have the incentives to stay in their jobs while the economy is shrinking. Losing jobs or changing it during the crisis is more risky than the period the economy is booming. Moreover, it can be argued that strong labour unions might attempt to increase their control over the economy during the crisis in an attempt to reduce the risk for their members. Due to those three factors, workers in Greece were more immobile during the crisis period compared to other OECD countries.

When the Troika programme was signed in 2010, however, it overhauled these long-standing adjustment strategies of the labour groups. It firstly weakened the collective bargaining rights, hence cut the role of the labour unions. Secondly, it promoted the switch

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[3] The next chapter extensively delves into the labour mobility in Turkey, and its consequences in terms of crisis adjustment.

[4] I turn the cross-sectoral mobility calculations into percentages by multiplying them by 100 for depiction purposes in the graph (due to very small numbers observed in the cross-sectoral mobility, the range of movement is small, and hence makes it difficult to observe the trend.)

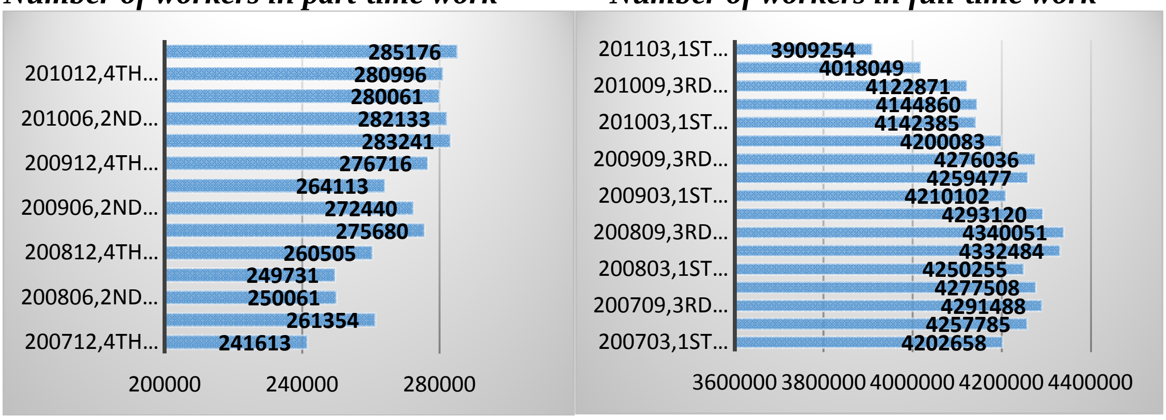
between public and private sectors and full-time and part-time contracts by increasing the flexibility of employment contracts. In the short-term, the changes meant significant loss of income and rights for the labour groups. External alternation of the labour market generated grievance and mobilised the labour groups to block the implementation. The next section discusses in detail the 'game-changing' impact of the IMF on the Greek labour market and its consequences.

IV. *Labour Conditionality and Grievances*

IMF labour conditionality has been an exogenous shock to the immobile Greek labour market. Labour conditionality foremost reduced the existing employment protection measures, and diminished the security that labour enjoyed. For instance, the notice period for laying off workers has been reduced by half (Koukiadaki and Kretsis 2012). The maximum duration for fixed term contracts were extended from twelve months to thirty-six months. The minimum wage for the youth (under twenty-years of age) was set at eighty per cent of the minimum wage at the national level, and for the new entrants above 25 year of age at eighty-four per cent (Koukiadaki and Kretsis 2012). Moreover, collective bargaining process has been decentralised. In addition to the three-layered bargaining process, which has been side-lined with legislative acts, 'association of persons' were given the right to negotiate wage and employment conditions with the employers. Part-time work and short-term work duration and their maximum number of renewal have been extended. Part-time work has been increased to forty hours in a week, and overtime payment is changed into hourly rates in the contract. In other words, previously, defined 'ten per cent extra' rule for overtime work has been abolished (Patra 2013). Those measures not only reduced income for workers but also relaxed or totally abolished most of the employment protection measures.

Figure I: Number of employees at part-time and full-time work

Number of workers in part-time work ***Number of workers in full-time work***



Labour conditionality led to three types of uncertainty for immobile workers in Greece. Firstly, employment protection declined. Existing jobs have become less secure, since hiring and firing became easier. Secondly, wage protection has been reduced by promoting individual contracts as opposed to collective ones. The change led to the immediate decline of nominal wages. According to the OECD data, the share of involuntary part-time work as a percentage of total labour force increased from 2.2 per cent in 2009 to 3.5 per cent in 2013 (*Table II and Table III show the total change in part-time and full-time work respectively based on ELSTAT Labour Force Statistics*). In 2011, 37.5 per cent of all part-time workers said that they were involuntarily in part-time work (OECD 2014). Moreover, there was a considerable increase in over-time work especially for the part-time workers and a visible shift from full-time to part-time work for the existing workers with reduced wages and lower levels of overtime payments (Dedussopoulos et al. 2013). Thirdly, conditionality paved the way for the dissemination of already-existing informal market under the threat of dismissals and individual contracts. Informal employment agreements and individual level agreements instead of collective ones increased (Dedussopoulos et al. 2013; Patra, 2012). In other words, labour market did not respond to the changes by shifting and reallocating workers where they are the most productive. Instead, there was a loss of rights and income for groups of workers, who are 'stuck' with their existing jobs.

V. Conclusion

The Greek case provides a pronounced example of political turmoil and mass political mobilisation under an IMF programme. It shows that austerity programmes might trigger political unrest in borrowing countries when labour flexibility conditions are implemented in a strictly immobile labour market. The challenged interests of labour give rise to grievances and ultimately to strong domestic opposition. Political unrest in that case become unsurprising even in a pluralist and developed political and economic system such as Greece.

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The Greek austerity measures in the light of international human rights law

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Abstract

The paper focuses on austerity measures imposed on Greece over the past five years, and the way these have been assessed by international institutions. The author examines how bodies and experts of the United Nations, the Council of Europe and the European Union have dealt with these measures from a legal perspective, more specifically in the light of international and European human rights standards. The examination of the above elements supports the argument of the author, which is put forward in his doctoral thesis, that many aspects of poverty can be juridicised, and that it is now possible to recognise the right to eradication of poverty.

I. Introduction

The strict austerity measures which have been imposed on Greece over the past five years, measures which were supposedly negotiated freely between over-indebted Greece and its creditors, and which have subsequently been transposed into the domestic legislation of Greece, have been the object of examination by international bodies and (quasi-) jurisdictions. These entities have examined the said measures from a legal point of view, more specifically from the perspective of international human rights standards.

The paper begins with the presentation of the reaction of the United Nations (UN) to the way austerity was imposed on Greece (under II), then it presents the views of the Council of Europe (CE) and its organs (under III), and also examines the position of the European Union (EU) and its institutions (under IV).

The aim of the author is to show that the austerity imposed on Greece has been found to violate international human rights standards and compromise the effective enjoyment of human rights by the Greek people, which reinforces the argument that poverty is an issue of human rights, and that its elimination should be centred on protection of human rights so much so that the recognition of the right to eradication of poverty now seems necessary.

II. The Greek austerity measures and the United Nations

The Greek austerity measures have been examined by the International Labour Organisation (ILO), which is a specialised agency of the UN, and by the UN Independent Expert on foreign debt and human rights.

In 2011, the Committee of Experts on the Application of Conventions and Recommendations (CEACR) of the ILO examined the comments of the Greek Confederation of Trade Unions (GSEE) on the implementation of ILO Convention No 98 on the right to organize and collective bargaining. A High Level Mission visited Greece in 2011, and it was found that national legislation on collective agreements at enterprise level had a detrimental impact on collective bargaining.

The same year, the CEACR of the ILO adopted an Observation on the implementation by Greece of the Social Security (Minimum Standards) Convention (C-102) of the ILO. It was mentioned that Greece, instead of devaluating its currency, had devaluated the standard of living of its people. The CEACR highlighted the social injustice in the imposition of austerity measures and the collapse of the Greek social state.

Moreover, in 2011, the CEACR of the ILO examined a Greek report on the implementation of the European Code of Social Security, expressing its concern that austerity measures threaten the implementation of the Code.

In 2012, the ILO Committee of Experts adopted an Observation whereby it found that the drastic cuts in the minimum daily and monthly wages established by the national general collective agreement and other agreements in Greece constituted a violation of art. 4 of Convention No 98.

In its case No 2820 (Greece), the Committee on Freedom of Association of the ILO examined the measures of reduced remuneration and longer probation periods for young employees in Greece, and pointed out that such exceptional measures should be adopted for limited time only. In the same case, the Committee examined the abolition of the principle that industry-level agreements only supersede sectoral or occupational agreements when they introduce more favourable provisions for employees. It was found that this constitutes a weakening of freedom of association and collective bargaining contrary to the principles of Conventions Nos 87 and 98.

In addition to the above, the former UN Independent Expert on effects of foreign debt on the enjoyment of human rights visited Greece in April 2013, and found that the measures had the effect of compromising the living standards of the population and the enjoyment of human rights. The Expert found that the minimum wage was pushed below poverty thresholds, and that Greece is the only euro zone member State without a comprehensive social assistance scheme serving as a social safety net of last resort' (para. 58). The Conclusion of the Independent Expert was revelatory: 'the adjustment programme and, in particular, the excessively rigid austerity measures implemented since May 2010 have exacted substantial economic and social costs for the Greek population. The programme has pushed the economy into recession, compromised the standard of living of the majority of the population and generally undermined the enjoyment of human rights in Greece'.

III. The position of the organs of the Council of Europe

In 2011 the European Committee on Social Rights (ECSR) examined collective complaints 65/2011 and 66/2011 lodged by the General federation of employees of the national electric power corporation (GENOP-DEI) and the Confederation of Greek civil servants' trade unions (ADEDY) respectively. In case 65/2011, the ECSR examined national legislation on longer probation periods for new employees, and the hierarchy of the different types of collective agreements, and found a violation of art. 4 para. 4 ESC, explaining that the States Parties to the European Social Charter (ESC) must protect the rights enshrined therein both in times of prosperity and in times of recession. In case No 66/2011, the ECSR examined national provisions on young and inexperienced employees: it found a violation of art. 7 para. 7, art. 10 para. 2, and art. 12 para. 3 ESC. Although it found permissible to pay lower wages to young employees, it pointed out that these reduced wages should not fall below the threshold of poverty, and thus found a violation of art. 4 para. 1 ESC.

One year later, an individual and a trade union complained (apps No 57665/12 and No 57657/12) before the European Court of Human Rights (ECtHR) that permanent reductions in wages and pensions, and the abolition of seasonal allowances for people employed in the Greek public sector, constitute an infringement of art. 1 of the First Additional Protocol to the European Convention on Human Rights (ECHR). The ECtHR recalled that the Contracting Parties enjoy a wide margin of appreciation in the field of social policy, which is even wider when they have limited resources. Although the Court rejected the applications as manifestly ill-founded, it seemed to recognize the right to a decent life, when stating that the maintenance of people's standard of living above a specific level, and protection of their subsistence, should be the limits to interferences with the peaceful enjoyment of one's possessions.

The same year, five representative trade unions from Greece lodged collective complaints with the ECSR (76-77-78-79-80/2012). All complainants raise the issue of changes to public and private pension schemes, with regard to art. 12 para. 3 and art. 31 para. 1 ESC. The ECSR acknowledged that it is not always possible to maintain a social security system at the highest level which might have been previously attained. Nonetheless, it pointed out that states ought to take always into account the legitimate expectations of beneficiaries, and the need to ensure the effective enjoyment of the right to social security. The ESCR found that certain reductions do not amount to a violation of the ESC, but, if examined together, lead to an important degradation of the standard of living of pensioners. The ECSR added that the measures do not respect the legitimate expectation of pensioners, their settled financial expectations, and ultimately their right to social protection and social security. For these reasons, it found that there was a violation of art. 12 para. 3 of the ESC.

The Parliamentary Assembly of the CE adopted Resolution 1884(2012) on ‘Austerity measures - A danger for democracy and social rights’. The Parliamentary Assembly expressed its deep concern that austerity measures in Greece violate social rights as they mostly affect the vulnerable categories of the population and low- income classes. It questioned the legitimacy of the institutions imposing such measures, and observed that increase of public revenues can be achieved by taxation of the higher income categories and property wealth, and not with cuts in social expenditure. The Parliamentary Assembly further recommended a ‘profound reorientation of current austerity programmes’, and emphasized the importance of ratifying the revised ESC.

In 2013, the Commissioner for Human Rights of the CE published a paper ‘Safeguarding human rights in times of economic crisis’ whereby it examined the impact of austerity measures on the enjoyment of human rights, referred to relevant jurisprudence on austerity, and put forward suggestions for the implementation of human rights in times of economic crisis, emphasizing the role of national human rights structures.

IV. The reaction of the European Union

In 2014 the European Parliament adopted a report on the role and operations of the Troika (European Central Bank, Commission and International Monetary Fund) with regard to the euro area programme countries (2013/2277(INI)). In this report it is stressed that the European institutions must respect Union law, including the Charter of Fundamental Rights of the EU, under all circumstances, as well as take action consistently with the ESC and the Community Charter of the Fundamental Rights of Workers. It is also pointed out that economic targets should not override the need to maintain social stability, to protect the European social model, and to respect social rights of EU citizens.

In 2015 the Committee on Civil Liberties, Justice and Home Affairs of the European Parliament issued a study on the impact of the crisis on fundamental rights across Member

States of the EU. It was shown that austerity measures have had important impact on the right to education, the right to health, the right to work, the right to a pension, the right of access to justice, the rights to freedom of expression and assembly, the right to housing, the right to property, the rights at work, freedom of information, the right to social security ,and the right to water.

V. Concluding remarks

From the abovementioned cases of international examination, by legislative or political or judicial bodies, of austerity measures against international human rights standards, it follows that such measures, which are supposed to heal economic problems and are thus hoped to restore economic prosperity and social cohesion, have however actually exacerbated poverty and thus are not compatible with international human rights standards, which now provide the framework in which poverty is increasingly dealt with at the international level.

This shows that poverty, elimination of which should normally be the ultimate goal of austerity measures, is becoming more widespread and more persistent and affects a number of aspects of human lives and a number of human rights covering these aspects of human lives.

This shows that the solution to the problem of poverty is not strict austerity, but unconditional respect for, and full and effective enjoyment of, all human rights.

The wider recognition of the right not to be poor/the right to eradication of poverty, following the example of the Revised ESC (art. 30) and the CFREU (art. 34 para. 3) appears to be absolutely necessary.

Recognising that poverty is not merely the violation of a number of separate rights, but is also the object of one distinct right would be in line with the principle of interdependence and interrelatedness of all human rights, would help to overcome decisively the artificial gap between categories and generations of rights, and would afford individuals and groups the opportunity to claim their right to live a decent life, including in this claim the many faces of poverty and the various consequences it has on their lives.

Social consequences of welfare state deregulation in Greece

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Abstract

This paper aims both at a partial analysis of the social consequences of the welfare state's deregulation and at the exploitation of the necessity for a new interventionist framework that will ensure social cohesion through the provision of equal access to social rights. Welfare state deregulation and its transformation into a "restrained state" due to neoliberal policies, will comprise a threat to social cohesion as long as they exaggerate social problems and risks and create extensive socio-economic inequalities that lead to public dispute about the political system. Thus, this analysis will focus on public policies of employment, health and social provision which have been severely affected by the economic crisis in Greece. The basic objective is to analyze the social impact of the crisis and frame policy proposals for a rehabilitation-revitalization strategy of welfare state policies in order to preserve social cohesion, while keeping a balance between rationalization and effectiveness.

Introduction

After World War II, West European welfare states expanded due to the realization of the Keynesian consensus which coincided with an equilibrium between market capitalism and state intervention. But this consensus only lasted until the oil crises of 1970's, when the new post-industrial era started, in which the welfare state was widely regarded as a constraint to competitiveness, while new employment forms were necessary in order to tackle unemployment and respond to the new conditions that globalization and technological development involved (Nullmeier and Kaufmann, 2010). However, while deregulation in Western and Continental European welfare states was introduced gradually after the 1970's, South European ones, such as the Greek, entered their expansionary phase only during the 1980's, as a result of their late modernization, industrialization and democratization (Malefakis, 1995; Sapelli, 1995). This late and rapid expansion did not facilitate the resolution of lasting socio-economic problems such as particularistic cultural traits and patron-client relations, (Eisenstadt and Roninger, 1984) and thus led to the implementation of various irrational and ineffective policies. Additionally, these countries' governments started to implement deregulatory policies from the early 1990's as a consequence of the preconditions for their future Eurozone accession, (the basic aim was to achieve a 3% level of public deficit in order to access the Eurozone), without having established an economically and institutionally rationalized system (Ferrera, 2010). On the social level, South European governments and, more intensely, Greece, tried to solve the existing problems and inefficiencies, peculiar to each welfare system, through ineffective solutions, as a result of unwillingness to reform (Lavdas, 1997) due to the fear of possible political-electoral costs, which could not substantially reduce social inequalities and social deprivation.

Since the onset of the financial crisis in Greece and the rest of the South European countries (mainly Portugal and Spain) and along with the already existing peculiarities, the implementation of deregulatory policies in a very short period was socially detrimental. Relevant data indicate that austerity measures (retrenchment of the welfare state policies, reduction of public expenditure, high taxation) disrupted social cohesion. In particular, some of the main consequences of the aforementioned policies were a) the dramatic increase of unemployment levels, mainly of youth unemployment, b) high levels of poverty and social exclusion (increase in the levels of socially vulnerable groups) as well as c) the reduction of accessibility to health services and social benefits for a wide range of citizens (lower socio-economic groups have been most seriously affected).

The impact on Employment

According to several scholars, the Greek labor market – as well as the Spanish, the Portuguese and the Italian – is segmented, thus it can be categorized into the core, the peripheral and the underground sector (Ferrera, 1996; Ferrera, 2010; Moreno, 2000). This peculiarity has created several inequalities in terms of inclusion and social protection as employees in the core sector (public sector and large industries) were highly protected, whereas the peripheral (small enterprises, temporary employment) and the underground (informal employment) sectors where characterized by flexibility and job instability, low wages and informal rules, respectively. In the early 1990's major changes were undergone in the labor market as a result of huge economic pressures (Bermeo, 2000) and although several structural reforms were introduced, high percentages of youth and female unemployment remained. Thus, the implemented reforms before the crisis – several reforms were blocked - failed to resolve the already existing structural problems: a segmented labor market, an irrational and unequal social security system and a services-based economy (ELSTAT, 2014) with low investment capacity, high administrative costs and bureaucracy.

Structural inefficiencies remained while Greece entered the crisis and, as a consequence, the impact on the labor market was tremendous. Unemployment in Greece is currently the highest amongst the EU member states. The decline in employment demand led to a decline both in job vacancies and wages. It should be noted though, that while the rise in unemployment is bad for all social groups, there are several crucial differences which show that some groups are affected more than others. More specifically, women are affected more extensively than men, and low skilled workers show the highest rates of employment exclusion. Nevertheless, exclusion rates of the high skilled, while lower than those of the low skilled, increased extensively after 2008, leading to the migration of the young and educated to other western countries (brain drain). During the second phase of the crisis, austerity measures (the first include protective measures for banks in order to avoid collapse) such as the reduction of social expenditure and the deregulation of the labor market (labor protection) along with the wage and benefit reductions, resulted in a depression which continues as the investment rate is not increasing and public investments are substantially reduced (Heyes, J., Lewis, P., Clark, I., 2012; Heyes, J., Lewis, P., 2014).

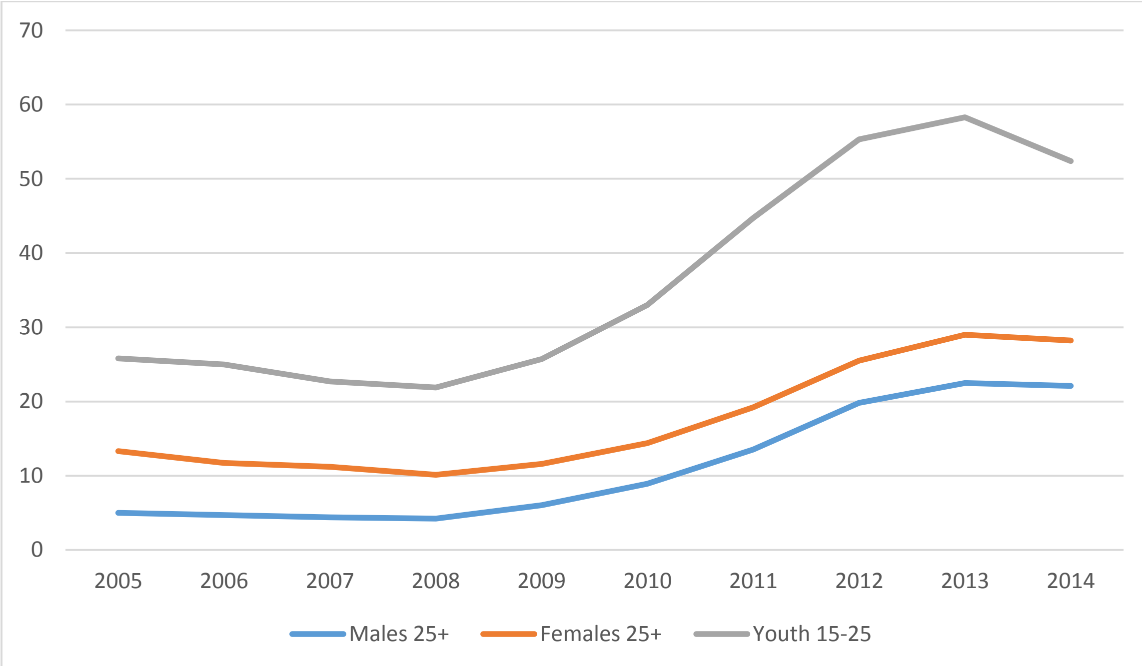
Table 1: Unemployment by age, sex, education level and nationality, 2008-2014

	Greece		Eurozone		E.U. 28	
	2008	***2014***	***2008***	***2014***	***2008***	***2014***
Men	5.1	23.6	6.9	11.5	6.6	10.1
Women	11.5	30.2	8.4	11.8	7.5	10.3
Aged 15-24	21.9	58.3	15.5	24.0	15.6	23.5
Aged 25-49	7.7	27.8	6.9	11.8	6.3	10.3
Aged 50-64	3.8	18.8	5.8	8.6	5.2	7.8
Primary Education	7.5	29.8	11.5	20.5	11.3	19.2
Secondary Education	8.9	10.3	6.9	10.3	6.5	9.9
Tertiary Education	6.4	20.4	4.3	7.3	3.8	6.4
Natives	7.9	26.5	7.0	11.1	6.6	10.2
Migrants	6.8	38.2	13.2	19.9	12.1	17.9
Total Unemployment	7.8	26.5	7.6	11.6	7.0	10.2

Source: Eurostat (2015).

Obviously, the Greek, male-breadwinner system was not able to address the increasing economic pressures and consequently, male unemployment increased dramatically. Along with the existing impotency to integrate women and the young who face even more excessive integration problems during the crisis, it seems that the male-breadwinner system has partially collapsed and thus, has led to high poverty and social exclusion rates as it comprised the main protector of the unemployed (women, young family members) through the protection of the male family members. This can be connected to the increasing rates of households with no employed person, an indication which shows the significant exclusion problems that the crisis has generated. Furthermore, non-formal employment types are promoted by the new deregulatory strategy along with measures such as the increase in the period of temporary employment and non-formal employment types without obligation on the employer to pay social security contributions (Heyes and Lewis, 2014; Clawaert & Schömann, 2012). These measures aim at an increase in employment levels, but this unilateral confrontation of the problem reduces the margins for finding a job that will increase living standards and human-dignity perspectives. On the other hand, poverty and social exclusion rates are increasing while this policy strategy is being implemented (Lallement, M., 2011).

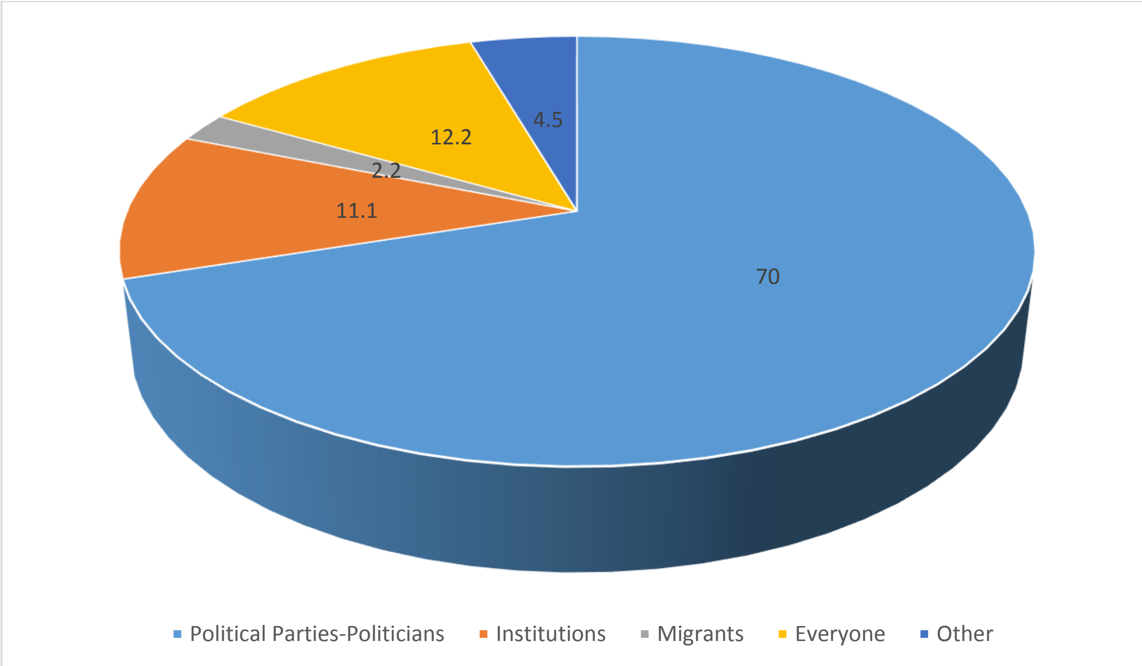
Figure 1: Unemployment by gender and age



Source: Eurostat (2015).

More specifically, a case of a social group which encounters severe difficulties in integrating into the labor market, is that of young people. One of the main inclusion obstacles for the young is the higher joblessness period (long-term unemployment) than in the past, and because of the lack of employment opportunities, the increased inability to fully integrate into the labor market even after accessing non-formal employment types. This trend increases social vulnerability among young people and their future prospects for labor-market integration (Oreopoulos *et al*, 2008; Gartell, 2009; Mroz and Savage, 2006). For instance, according to a recent research project, the socially vulnerable group of NEETs (young people aged 15-24 Not in Education, Employment or Training) in Greece, shows a dramatic increase during the financial crisis. The number of NEETs has increased to 14.9% of the total population aged 15-24, indicating that young people face huge difficulties in finding not only an adequate employment opportunity, but also social integration (Papargyris, 2013). One interesting finding is that the high majority of NEETs in Greece does not trust political system institutions and its actors. But, this apparent mistrust is obviously connected with the high support percentages of young people for radical parties (Kotroyannos *et al*, 2013). The absence of state intervention in increasing the possibilities for inclusion is disrupting social cohesion and threatening the political system.

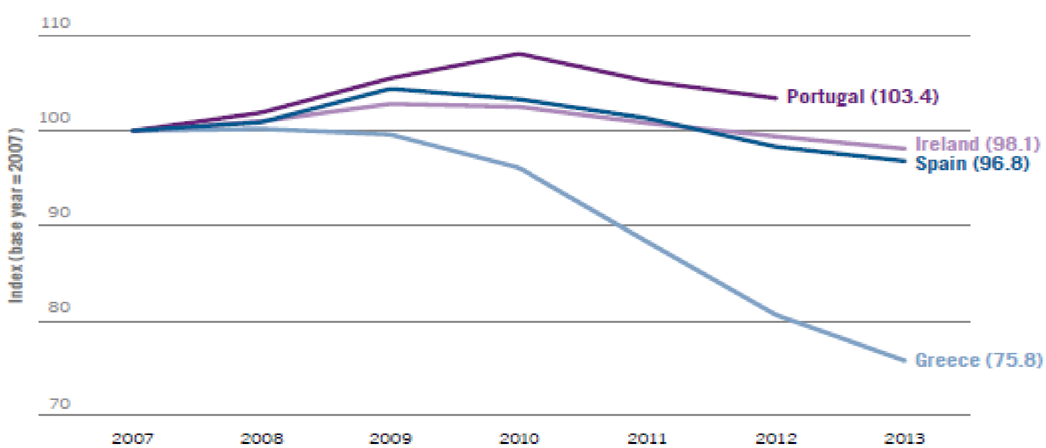
Figure 2: NEETs mistrust



Source: KEADIK and KANEP-GSEE (2013).

Furthermore, the rapid decrease in wages alongside rises in tax have diminished the living standards of Greek society. As is shown in figure 3, from the onset of the financial crisis, real incomes are increasingly diminishing, having a significant negative impact on poverty levels. Bearing in mind that social provision policies and coverage have also been reduced, the social cohesion objective is becoming questionable.

Figure 3: Average real wage index 2007-2013



Source: ILO (2015).

Impact on Health

Greece serves as a characteristic case of a country of the European south that is struggling to prioritize health care issues while at the same time distributing the country's resources. The distribution of Greek resources is unfortunately, on many occasions, not cost-effective nor is it characterized by quality assurance. The Greek health care system is based on the National Health System (NHS), which, along with the mandatory social insurance, aims at establishing a comprehensive health care coverage framework. The fundamental basis of this scheme rests on the protection and exploitation of the right to health coverage for the whole population as a means of achieving social equity, and equal access. In Greece there are thirty-five (35) different social insurance funds that cover 97% of the population; in addition just 8% of the total population has complementary coverage. Public expenditure is financed by either direct or indirect taxes, and mandatory health insurance contributions for the insured are given by the employers. The Greek health care system is regarded as one of the most privatized health care systems among the European Union member states, since individual payments represent 31.5% of the total health expenditure of the country for the year 2012 (OECD, 2015).

In South European countries such as Greece, the current financial crisis has created enormous economic problems for citizens, especially for those with low incomes, and has generated social inequalities (Matsaganis, 2013). The impact of the financial crisis on citizens and on the welfare system, including the health sector, which, as is well known, was rather dysfunctional before the onset of the crisis, has reduced health coverage and quality of services (Abel-Smith, *et al*, 1994; WHO, 1996).

According to recent data there has been a significant rise in the numbers of people who report that their health has deteriorated (Kentikelekis *et al*, 2011). Compared with the data before the crisis, there has been a significant increase in the number of people who report that they do not visit a doctor although they believe that it is essential (Kentikelekis *et al*, 2011). According to Eurostat (2015), the percentage of people with unmet medical care needs was 13.9% in 2013, almost twice the percentage since the onset of the financial crisis. In general, the quality of health care services and the accessibility to them has worsened due to 35% cuts in public health care spending during the period 2010 to 2012 (INE GSEE, 2012). This adds to previously reported administrative inefficiencies that affected several aspects of the health-care system, with many of them occurring within primary care (Tountas and Karnaki, 2005), since it has been mentioned that there were "different public and private providers involved, with no coordination between them and no gatekeeping system" (Oikonomou and Tountas, 2011: 28).

For instance, a peculiarity of the Greek health care system is the high percentages in prescribed and non-prescribed medicines. This trend, called polypharmacy, has serious consequences in terms of poor and suboptimal patient outcomes, adverse medicine reactions and unnecessary side effects, as well as wasting large amounts of the scarce health care resources. Greece is a case that lacks a complete national system that will promote the rationalization in medicine usage and a multidisciplinary institutional structure under mandate to develop and coordinate the implementation of such a system. According to recent data (OTCSOCIOMED, 2012), Greece reveals higher percentages of Over The Counter Medicines (OTCs) consumption than of Prescribed-Only Medicines (POMs) consumption, indicating that there is significant pressure on household incomes as they tend to pay large amounts of money for medicines. This trend can easily be associated with the high percentages of individual spending on health. At the same time, the lack of consultative procedures, both for General Practitioners (GPs) and patients, along with the lack of electronic control measures, maintains high welfare budget expenditure.

Conclusion and Policy Considerations

As is shown in the previous chapters, the impact of the financial crisis on Greek society has been tremendous. The above sectors (employment, health) represent only a part of the whole picture. More evidence on social expenditure and social benefit reduction indicates that the social risks have only been superficially addressed. Thus, the deregulation of welfare and labor policies does not seem to be keeping a balance between economic rationalization and welfare effectiveness. The main reason is that implementing austerity measures regards welfare policies as a substantial problem for public economics. But, how can social cohesion be defended without welfare intervention?

From that point of view, it is crucial to reform the welfare state in order for it to become effective but at the same time not to neglect the importance of social equality through provision mechanisms. Firstly, employment growth can be promoted only by supporting economic development through investment and not by diminishing employees' incomes even more. Thus, public administration restructuring in order to facilitate administrative procedures is one of the necessary steps. Moreover, public-private cooperative schemes can attract investments while more incentives to enterprises in order to recruit the unemployed should be promoted. For instance, the profits of any enterprise which are invested so as to create new job vacancies can be tax exempted. In terms of innovation, Greece should invest in developing sustainable forms of innovation, such as agrotourism-biotourism, agricultural development and renewable energy sources development.

Health care provision in Greece faces several problems and inefficiencies. In order to create both an economically sustainable system and to provide wide coverage, it is crucial to increase efficiency and to achieve economic rationalization. Vulnerable social groups are facing extensive problems in accessing health care services and acquiring the necessary medicaments. Along with the creation of an integrated electronic system for health care which will achieve prescription control, it is important to implement interventional initiatives for consumer-patients, GPs and pharmacists for the promotion of the proper use of OTCs. The first measure will rationalize public pharmaceutical expenditure whereas the second will reduce the individualized expenditure.

The implementation of deregulatory policies have increased social inequalities (Piketty, 2014) but the welfare state still seems to be the only stabilizer that provides social cohesion. Reforms are necessary, especially for the Greek welfare state, but they should be associated with providential values (social rights) which aim at the creation of an inclusive and just society (Schnapper, 2007), while addressing the individual and collective problems (Rosanvallon, 2003).

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