

Panos TSAKLOGLOU

Athens University of Economics and Business and IMOP

**POVERTY AND ANTI-POVERTY POLICIES IN GREECE  
AND A COMPARISON WITH OTHER MEDITERRANEAN  
EU MEMBER-STATES**

Abstract

Poverty in Greece has been analysed thoroughly in recent years. The relevant studies show that poverty in Greece is closely associated with old age, residence in rural areas, low educational qualifications and, to a lesser extent, with lack of employment or employment in the agricultural sector. Since the mid-1970s poverty declined in both absolute and relative terms, but still remains higher than in most EU member-states. Then, the few existing anti-poverty policies are outlined and comparisons are attempted with the situation prevailing in the rest of the EU. The paper concludes that the relevant experience of Greece is not as unique as sometimes claimed in the public discourse and that considerable similarities can be found with the rest of the Mediterranean EU member-states.

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Address for correspondence:

Dr Panos Tsakloglou,

Department of International and European Economic Studies,

Athens University of Economics and Business,

76 Patission Str.,

Athens 10434

GREECE

e-mail: panos@aueb.gr

## **1. Introduction**

Until relatively recently few empirical studies of inequality and poverty in Greece could be found in the literature. This lack should be attributed to four factors. Firstly, between the early 1950s and the mid-1970s the Greek economy was growing rapidly. Therefore, even if it is assumed that inequality and (relative) poverty were rising, it is also safe to assume that both the average living standards and the living standards of the poorest segments of the population were improving during that period. Secondly, family links were strong and, in many cases, the family was substituting the rudimentary welfare state, thus, preventing the emergence of extreme cases of material deprivation. Thirdly, both before 1967 and, particularly, during the military dictatorship, the institutional framework was restricting the functioning of organisations that, usually, raise distributional questions in the public discourse (mainly trade unions). Last but not least, there was limited availability of statistical data for empirical distributional studies. As a result, until the mid-1970s there was limited interest in such studies.

The situation changed dramatically after the collapse of the dictatorship and, particularly in the 1980s. The Greek economy slowed down and, then, entered a protracted period of stagnation, stop-and-go policies and stabilisation programmes. Questions of social justice, inequality, poverty and, for the first time, social exclusion gradually came to the forefront of the public discourse, whereas the availability of new statistical material allowed the in-depth examination of several aspects of inequality and poverty.<sup>1</sup> At the same time the first systematic attempts for the establishment of a modern welfare state were undertaken. In the ensuing debate several assertions were made about the “uniqueness” of the Greek situation – a view challenged by a number of systematic comparative studies in several fields of social sciences.

The present paper aims to provide a short overview of the findings of empirical studies of poverty in Greece, outline the existing anti-poverty policies and compare Greece with other Mediterranean EU member-states, contrasting their experience with the experience of the rest of the EU.

## **2. Poverty and antipoverty policies in Greece: An overview**

Before the main results of the empirical investigations of poverty in Greece are presented, a couple of methodological clarifications are essential. The first clarification concerns the distinction between poverty and social exclusion. The two concepts are frequently used interchangeably in the public discourse, even though they are not identical. By poverty, most theorists denote a situation of material deprivation, while social exclusion, although harder to define, can be viewed both as a state and as a process leading to material and non-material deprivation [Atkinson

(1997)]. Therefore, unlike poverty, social exclusion is better defined in terms of capabilities rather than commodities [Sen (1998)]. A good example highlighting the distinction between the two concepts in the Greek context is, probably that of the elderly and the gypsies. The living standards of many elderly are low but, nevertheless, the great majority of them are not cut-off from the rest of the society. On the contrary, even though many gypsies are well-off, due to social prejudices most of them are *de facto* excluded from a number of social functions. The findings reported below are derived from empirical poverty studies only.<sup>2</sup>

The second clarification is more practical. Most empirical poverty studies utilise the data of the Household Budget Surveys. Such surveys are carried out by the National Statistical Service of Greece in regular intervals, cover the entire non-institutional population and collect information on several material indicators of the standard of living of the population (consumption expenditure, disposable income, housing amenities, consumer durables, etc.). However, two high poverty-risk groups are excluded or seriously under-represented in the samples of these surveys: the homeless and the legal and, particularly, illegal immigrants (especially those who do not speak fluent Greek). Although homelessness in Greece does not appear to be as serious a problem as in a number of EU member-states [Avramova (1997)], the omission of the immigrants may “distort” the results of the relevant studies carried out in the 1990s.

Although it is frequently emphasised that poverty is a multi-dimensional phenomenon, almost all existing studies rely on a single indicator; usually income or consumption expenditure. Further, most studies use “relative” poverty lines; that is, the poverty line is defined as some fraction of the mean or median of the distribution under consideration. In recent years many researchers have adopted the methodology used in relevant publications of Eurostat, which sets the poverty line at 50% of the mean equivalent disposable income or consumption expenditure of the population.<sup>3</sup> Using such a poverty line, the relevant studies report that the proportion of the population classified as poor is around 15%-20%.<sup>4</sup>

The relevant studies show that throughout the last twenty five years some of the high poverty-risk population groups remained unchanged.<sup>5</sup> Irrespective of the choices made by the researchers regarding the concept of resources, the size of the equivalence scales or the level of the poverty line, members of households living in rural areas, or headed by unemployed persons or elderly persons or persons with low educational qualifications are always over-represented among the poor. It is interesting to note that a number of other population groups frequently cited in the public discourse as being at high risk of poverty - such as manual workers, families with children (unless they are very large families), mono-parental households, young unemployed tertiary education graduates, etc. - are either unambiguously classified

Table 1. Population groups at high risk of poverty: Greece 1993/94

Population group (characteristic of the household or the household head)	Population share	Percentage contributions to aggregate poverty according to:		
		Consumption expenditure	Disposable income	Non-monetary deprivation index
Region of residence				
Eastern Macedonia and Thrace	6.27	8.66	9.61	13.34
Central Macedonia (excuding Greater Salonica)	8.38	14.82	13.78	13.63
Epirus	2.89	4.81	3.94	5.06
Thessaly	6.55	9.63	10.09	10.66
Type of locality				
Rural areas (communes with popul. below 2.000)	24.85	39.99	46.12	62.12
Household type				
One person aged 65 or more	3.80	9.50	6.97	12.82
Childless couple (at least one above 65)	8.98	17.77	15.90	19.08
Socio-economic group of household head				
Farmer or agricultural worker	12.38	17.77	19.89	24.76
Unemployed	2.70	4.69	5.08	2.70
Pensioner	24.17	37.71	33.84	39.27
Educational level of household head				
Primary education not completed	17.69	41.00	36.40	55.28

Source: Tsakloglou and Panopoulou (1998b)

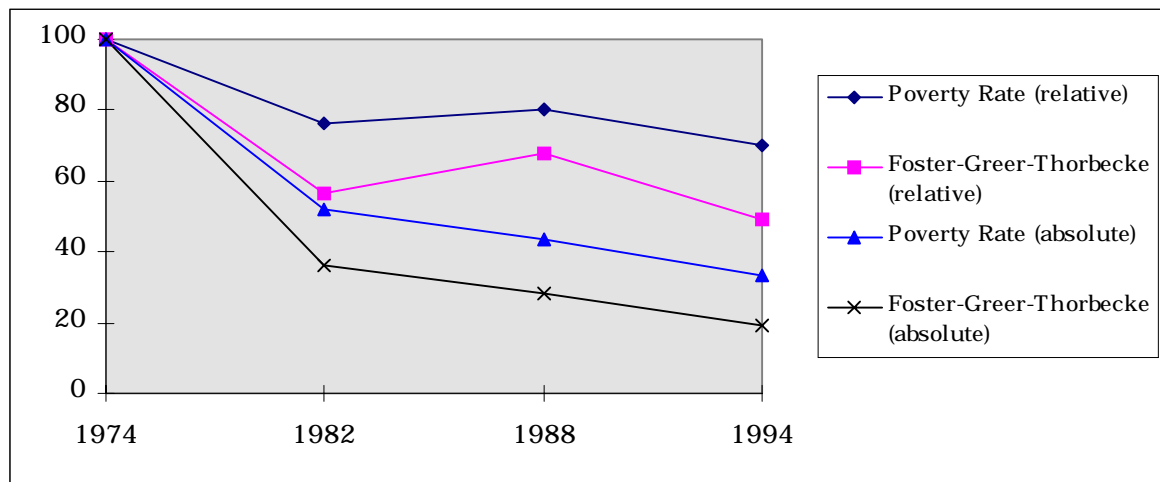
as low poverty-risk groups or their position *vis-à-vis* the poverty line varies according to the concepts used.

An example of high poverty-risk identification is presented in Table 1, using the data of the most recent Household Budget Survey (1993/94). For the purposes of this table the population was initially grouped into mutually exclusive groups using five alternative criteria - region of residence, type of locality, household type, socio-economic group of the household head and educational level of the household head. Then, the groups whose contribution to aggregate poverty was found to be higher than their population share according to all three welfare indicators - consumption expenditure, disposable income and a non-monetary deprivation index - were selected and the corresponding contributions to aggregate poverty are reported in Table 1. The poverty-risk of each group can be calculated by dividing the contribution of the group to aggregate poverty by its population share.

The estimates of Table 1 reveal that poverty has particular spatial dimensions; it is disproportionately concentrated in Northern Greece and is more prevalent in the rural rather than the urban areas. Further, poverty is associated with old age - particularly when the elderly live alone or with their spouses - low educational qualifications, unemployment and, to a lesser extent, employment in the agricultural sector. It should be noted that a number of these characteristics are likely to be interdependent. For example, a considerable proportion of the poor consists of elderly pensioners with low or no formal educational qualifications who live in rural areas. Using multivariate techniques, it can be shown that the probability to fall below the poverty line is significantly affected by lack of educational qualifications, unemployment and, to a lesser extent, residence in rural areas, while old age and, particularly, employment in the agricultural sector, *ceteris paribus*, do not retain their statistical significance [Loizides and Giahalis (1992), Mitrakos *et al* (1998)]. Furthermore, it has been demonstrated that not only low educational qualifications are associated with higher probability of poverty from a static point of view, but that lack of educational qualifications contributes significantly to the inter-generational transmission of poverty [Papatheodorou (1997)].

Inter-temporal changes in poverty can be examined using the data of the four Household Budget Surveys which are currently available (1974, 1981/82, 1987/88 and 1993/94). At this point, a distinction needs to be made between changes in "relative" poverty (that is, when the poverty line changes between surveys in line with the mean or the median of the distribution) and changes in "absolute" poverty (that is, when the poverty line remains constant in terms of real purchasing power throughout the period under examination). Such estimates are reported in Graph 1 (base year 1974: 100.00). In this graph, apart from the inter-temporal changes of the poverty rate, which is not sensitive to the depth of poverty and the distribution of resources

Graph 1. Inter-temporal changes in absolute and relative poverty in Greece  
(1974:100)



Source: Mitrakos and Tsakoglou (1998b)

among the poor, estimates of the distribution-sensitive index of Foster *et al* (1984) are also reported.<sup>6</sup> During the period 1974-82 poverty declined spectacularly in absolute terms, as a result of improvements in the average living standards and significant declines in inequality [Tsakoglou (1990, 1993b)]. In absolute terms, poverty continued to decline during the period 1982-94, but at a slower rate. With respect to relative poverty, the changes observed, followed the changes in inequality; that is, significant decline between 1974 and 1982, small increase between 1982 and 1988 and further decline during the period 1988-94. It is interesting to note that some of these results, are in stark contrast with assertions routinely made in the public discourse.

Significant changes took place during the period under examination with respect to the composition of the poor. Traditionally, poverty in Greece was a predominantly rural phenomenon. Even though poverty is still more prevalent in the rural than in the urban areas of the country, the contribution of the rural population to aggregate poverty has declined significantly. This decline should be attributed primarily to two factors. Firstly, the higher prices that farmers enjoyed in the framework of the Common Agricultural Policy, contributed to a narrowing in the gap between the average living standards of urban and rural areas. Secondly, during the period under consideration, there was considerable internal migration, leading to a decline in the population share of the rural areas. A similar trend is also observed regarding the contribution of persons with low educational qualifications (illiterates or persons who did not complete primary education). Although the contribution of this group to

Table 2. Poverty and inequality in EU member-states in the late 1980s

Country	Poverty rate			Index of inequality (Disposable Income)	
	Consumption Expenditure (EU pov. line)	Consumption Expenditure (National pov. lines)	Disposable Income (National pov. lines)	Gini	Atkinson (e=0.5)
	(1)	(2)	(3)	(4)	(5)
Belgium	0.101	0.074	na	0.235	0.049
Denmark	0.090	0.039	0.088	na	na
France	0.112	0.147	0.144	0.296	0.077
Germany	0.085	0.109	0.106	0.250	0.052
Greece	0.279	0.187	0.173	0.336	0.095
Ireland	0.294	0.157	0.169	0.330	0.093
Italy	0.240	0.211	0.130	0.310	0.080
Luxembourg	0.019	0.111	0.057	0.238	0.046
Netherlands	0.046	0.048	0.071	0.268	na
Portugal	0.477	0.245	0.172	na	na
Spain	0.292	0.169	0.137	na	na
United Kingdom	0.112	0.148	0.190	0.304	0.082

Sources: Column (1) Hagenaars *et al* (1996), columns (2) and (3) Hagenaars *et al* (1994), columns (4) and (5) for all countries except Greece Atkinson *et al* (1995) - for Greece own calculations.

aggregate poverty was and still is substantially higher than their population share, it declined considerably as a consequence of the continuous improvement in the educational qualifications of the population in the last three decades, which resulted in a decline in the group's population share. At the same time, two groups increased substantially their contribution to aggregate poverty: the unemployed and the elderly. Even though reliable unemployment data for the years before 1980 do not exist, it seems that in the early 1970s unemployment was not a significant problem in Greece, but it rose inexorably during the next two decades. As a result, and despite some improvements in the support provided to the unemployed, their contribution to aggregate poverty has risen considerably, although, as will be shown below, their poverty-risk in comparison with the rest of the population is not as high as in most EU countries.<sup>7</sup> However, the population group that replaced farmers as the group with the highest contribution to aggregate poverty are the elderly – in many cases elderly retired farmers. Even though the gap in the average living standards of elderly and non-elderly has not changed dramatically during the last twenty five years, the population share of the elderly and, consequently, their contribution to aggregate poverty have risen sharply.

Despite its decline after 1974, poverty in Greece still remains higher than in most EU member-states in both relative and absolute terms. Naturally, the first column of Table 2 shows that when a common poverty line is used for all member-states, poverty in Greece (and the other “cohesion countries”) appears to be substantially higher than in the rest of the EU. Further, as the evidence of the next two columns of this table suggests, in the late 1980s relative poverty in Greece measured in terms of consumption expenditure was higher than in any other country apart from Portugal and Italy, whereas measured in terms of disposable income it was second only to the United Kingdom.<sup>8</sup> Unsurprisingly, the high level of relative poverty should be attributed to the fact that inequality in Greece is high in comparison with most EU countries, as shown in the last two columns of Table 2.

As noted earlier, despite the fact that Greece never had a well-organised welfare state and anti-poverty policies are rather rudimentary, the still strong family links and, to a far lesser extent, actions of the Church and a few other social institutions, largely prevent the emergence of forms of acute poverty and social exclusion [Karantinos *et al* (1992)].<sup>9</sup> With respect to anti-poverty policies, Greece is the only member of the EU without a universal minimum social assistance benefit, despite the 1992 Council Recommendation on Sufficient Resources. In other words, poverty can be a “free fall” experience in Greece. A number of existing categorical benefits, cover mainly the “deserving” poor: elderly, invalid, large families and unprotected children, while social assistance for able-bodied unemployed persons after the exhaustion of their social insurance entitlements is conspicuously absent. Table 3 reports the breakdown of the

Table 3. Social Assistance Benefits: Greece, 1996

Benefit	Total cost		Beneficiaries		Comments	
	In millions of drachmas	As % of GDP	Total number	As % of total population	Contributory	Means-tested
Pension to mother of 4+ children	65,969	0.222	238,074	2.26	No	No
Social Solidarity Supplementary Pension (EKAS)	43,649	0.147	305,986	2.91	Yes	Yes
Large Family Benefit	42,421	0.143	112,877	1.07	No	No
Disability Benefit	39,988	0.135	91,194	0.87	No	No
Family Allowance	16,634	0.056	300,898	2.86	Yes	Yes
3 <sup>rd</sup> Child Benefit	13,085	0.044	25,459	0.24	No	No
Uninsured Elderly Pension	11,989	0.040	34,208	0.32	No	Yes
Housing Benefit	11,500	0.039	33,000	0.31	Yes	Yes
Orphan / Single Parent Benefit	4,994	0.017	34,684	0.33	No	Yes
Other Benefits	215	0.001	1,591	0.02	No	Yes
TOTAL	210,456	0.844	1,177,971	11.19		

Source: Sutherland (1997) - Background Paper for Greece

existing social assistance benefits for the fiscal year 1996. Social assistance benefits accounted for 0.84% of GDP, but they were relatively thinly spread since the total number of potential beneficiaries was over 10% of the population.<sup>10</sup> Most of the quantitatively important benefits which are received by a considerable proportion of the population were introduced in the 1990s (pensions to mothers of four or more children, social solidarity supplementary pensions, large family benefits, third child benefits). Further, it should be noted that three of the family benefits reported in Table 3 - pensions to mothers of four or more children, large family benefits, third child benefits - became means-tested in 1997, but the corresponding income thresholds are rather generous. Comparison of the potential recipients of these benefits with the population groups in high poverty-risk identified in empirical studies, reveals that these benefits are, indeed, directed towards some of the neediest members of the population.

Although social assistance may be one of the main instruments for alleviating poverty in the short-run, other policies may also serve the purposes of anti-poverty policies by default. As such one can identify a number of social insurance benefits (particularly unemployment benefits), some of the breaks provided by the tax legislation (particularly those related to large families and medical expenses), as well as a number of active labour market policies (particularly policies aimed to fight exclusion from the labour market).<sup>11</sup> Naturally, in a broader perspective, initiatives in the fields of health, education, etc. also play a very important role in alleviating poverty.

### **3. Comparisons with other Mediterranean EU member-states**

Are the above features uniquely Greek or considerable similarities can be found in other European countries? This section attempts to provide an answer to this question. Obvious candidates for comparison with Greece can be found among the other Mediterranean EU member-states: Spain, Portugal and, to a lesser extent, Italy. In terms of GDP per capita in real Purchasing Power Parities, Greece does not differ substantially from Spain and, particularly, Portugal. The three countries experienced a transition from dictatorship to democracy in the mid-1970s and joined the, then, EC in the 1980s. Further, unlike most industrialised countries which experienced an increase in inequality since the early 1970s [Atkinson *et al* (1995), Gottschalk *et al* (1997)], their levels of inequality declined during the same period [Tsakloglou (1997), Guveia and Tavares (1995), Ruiz-Castillo (1998)].

Since these countries have a lower GDP per capita than the rest of the EU, it is not surprising to find that, using a common poverty line, in “absolute” terms poverty is higher in them than in the rest of the EU (apart from Ireland). However, the estimates of Table 2 show that relative poverty, too, is substantially higher in the Mediterranean

EU member-states than in the rest of the EU. Especially when distributions of consumption expenditure are utilised, the poverty rates of the four Mediterranean countries vary between 16.9% and 24.5%, whereas those of the rest of the EU are between 3.9% and 15.7%, with an unweighted mean of 10.4%. Similar but less pronounced results are obtained when distributions of disposable income - which is usually considered as less reliable welfare indicator than consumption expenditure - are used instead. Moreover, it should be kept in mind that these distributions do not take into account social transfers in kind which, as shown in Table 5 below, are quantitatively more important in the non-Mediterranean EU member-states as well as more likely to be targeted towards the bottom end of the distribution.

Turning to the structure of poverty, a number of considerable similarities across the Mediterranean EU member-states and differences with the rest of the EU can be observed. This is clearly outlined in Table 4. In this table comparisons are made between the four Mediterranean EU member-states and the three big EU countries (France, UK and Germany).<sup>12</sup> Comparisons are performed with respect to the relative poverty risk and the contributions to aggregate poverty of eight non mutually exclusive high poverty-risk groups: households headed by farmers, unemployed, retired, all households headed by persons aged 65 or more, one-member households consisting of persons aged 65 or more, mono-parental households, households headed by females, and households headed by persons with no or low educational qualifications.<sup>13</sup>

The evidence of the first line suggests that in all Mediterranean countries (including France) the poverty risk of households headed by farmers is higher than that of the rest of the population. The opposite is observed in the UK and, especially, Germany. However, due to their higher population share in the poorer countries, these households contribute more than 15% to aggregate poverty only in Greece and Portugal, whereas the corresponding contributions in Germany and the UK are negligible. The striking feature of the next line is that even though households headed by unemployed persons are a high poverty-risk group in all countries under examination, the group's position *vis-à-vis* the rest of the population appears to be substantially worse in the more developed countries (Germany, UK, France). It is worth noting that despite the lack of a comprehensive protection system for the unemployed, the poverty situation of this group is far less pronounced in Greece than in the rest of the countries in Table 4. As a result of the discrepancy in the poverty-risks and the fact that a considerable proportion of the unemployed in the Mediterranean countries (with the partial exception of Spain) consists of young persons living with their parents and wives of household heads, the contribution of the group to aggregate poverty appears to be substantially higher in the Northern than in the Southern EU countries of Table 4. The next three lines demonstrate that in all EU countries households headed by retired persons are a high poverty-risk group. The

Table 4. Population groups at high poverty-risk and their contribution to aggregate poverty in selected EU member-states

Population group	Poverty risk (group poverty rate / population poverty rate)							Contribution to aggregate poverty						
	GR	IT	ES	PT	FR	UK	DE	GR	IT	ES	PT	FR	UK	DE
Households headed by farmers or agricultural workers	1.38	1.43	1.55	1.50	1.66	1.00	0.54	15.2	7.7	11.5	15.2	5.3	1.5	0.7
Households headed by unemployed persons	1.16	1.50	1.84	1.75	2.34	2.83	3.62	2.2	0.3	8.1	0.7	9.2	13.6	15.2
Households headed by retired persons	1.61	1.45	1.56	1.84	1.46	1.77	1.49#	45.0	38.7	50.0	45.0	40.5	43.3	59.0#
Households headed by persons aged 65+	1.87	1.69	1.66	1.87	1.75	1.86	1.49	47.0	40.3	37.4	41.1	43.0	49.8	41.0
One-member households (persons aged 65+)	2.13	1.83	2.15	2.26	2.25	2.37	1.81	17.7	20.9	11.4	16.7	26.6	31.1	21.0
Mono-parental households	0.84	1.04	1.30	1.05	1.22	1.49	2.00	4.2	5.9	9.1	9.7	7.3	11.0	12.0
Households headed by females	1.41	1.31	1.44	1.28	1.51	1.78	1.38	28.3	30.6	24.2	32.3	36.5	40.8	46.7
Households headed by persons who did not complete primary education	2.12	na	1.92	2.16	2.01	1.80§	na	38.2	na	54.4	48.4	52.7	53.6§	na

GR: Greece,  
IT: Italy  
ES: Spain

PT: Portugal  
FR: France  
UK: United Kingdom

DE: Germany

\* Definition varies across countries

§ Primary education or less

# Economically inactive

Source: Hagenars *et al* (1994)

risk is higher if the household head is old (over 64) and particularly if he/she lives alone). No marked differences are observed between Northern and Southern EU countries with respect to this group. On the contrary, considerable cross-country differences are observed in the next line of the table. Unlike the rest of the countries in Table 4, mono-parental households in Greece appear to be a low poverty-risk group. The group's poverty-risk does not appear to be substantially higher than the national average in the other Mediterranean countries (including France), but it is quite high in the UK and, particularly, Germany. Similar cross-country differences are observed regarding the contributions of mono-parental households to aggregate poverty. The next line of Table 4 suggests that there is a sex bias in the poverty risk, since in all countries households headed by females – mostly elderly ladies living alone and heads of mono-parental households – are more likely to fall below the poverty line than male-headed households. Due to differences in population shares, the contribution of female-headed households to aggregate poverty is higher in the non-Mediterranean countries. Finally, the last line of Table 4 shows that in all countries for which data exist, the risk of falling below the poverty line is higher when the household head has low educational qualifications; the relevant risk being slightly higher in Greece and Portugal than in the other countries. In conclusion, the evidence of Tables 2 and 4 seems to suggest that Greece is not that notably different from the rest of the Mediterranean EU member-states regarding her level and structure of poverty, whereas a number of differences can be observed between these countries and the rest of the EU member-states.

Regarding policies aimed to alleviate poverty, after the recent introduction of a minimum income programme in Portugal, Greece is the only country in the EU without a general non-categorical social assistance benefit.<sup>14</sup> Before proceeding to examine social assistance in particular, it is important to look at the wider picture of social protection. Table 5 reveals a number of interesting similarities and differences across the EU in this field. According to the figures in the first column of the table, Greece's social protection expenditure as a proportion of GDP is the second lowest in the EU, after Portugal. Moreover, if the proportion of GDP devoted to social expenditure can be viewed as a rough indicator of a country's level of development of the social protection system – admittedly, a heroic assumption – then the four Mediterranean countries and Ireland appear to have the least developed social protection systems. Greece is also unusual regarding the limited importance of the in-kind transfers provided by the social protection system. The ratio of cash to non-cash (in-kind) social expenditure in Greece is 10.6, while in most other EU member-states hovers around 2.5.

The last five columns of Table 5 disaggregate social expenditure into its constituent components. These columns should be interpreted with caution, since the proportion

Table 5. Social protection expenditure in EU member-states (1991)

Country	Social Protection Expenditure as % of GDP	Ratio of cash to kind expenditures	Composition of Social Protection Expenditure by Type (%)				
			Sickness, and Invalidity	Old Age	Family	Unemployment	Other
Austria	27.3	na	na	na	na	na	na
Belgium	27.6	3.1	34.8	44.0	8.5	11.2	1.5
Denmark	30.7	1.8	29.1	35.7	11.8	16.4	6.9
Finland	31.1	1.8	40.4	34.4	13.2	9.1	2.9
France	28.5	2.6	34.5	44.1	9.6	7.3	4.4
Germany	27.0	2.1	40.8	41.0	9.0	5.8	3.4
Greece	20.2	10.6	19.7	69.7	1.8	3.0	5.8
Ireland	20.9	1.9	35.6	28.2	17.4	13.6	5.2
Italy	24.6	2.6	33.4	60.5	4.2	1.8	0.0
Luxembourg	27.6	2.8	38.8	48.7	11.1	0.9	0.5
Netherlands	32.5	3.8	44.5	37.0	8.5	8.3	1.7
Portugal	16.9	1.9	42.3	39.1	5.9	4.8	7.8
Spain	21.7	2.9	36.9	41.0	1.6	18.3	1.9
Sweden	37.6	1.6	35.1	40.8	16.5	6.9	0.7
United Kingdom	24.7	2.0	33.8	41.4	11.0	6.7	7.0

Source: Eurostat (1994), Eardley *et al* (1996).

of social expenditure devoted to particular purposes may be affected by both the institutional framework and the prevailing economic and demographic conditions.<sup>15</sup> The most striking result reported in these columns regarding Greece is that social protection is primarily protection for the elderly. Almost 70% of the total social expenditure is devoted to the payment of old age and survivors pensions. This proportion is substantially higher than that reported in any other EU member-state, apart from Italy, where the corresponding proportion is slightly above 60%. On the contrary and despite the rhetoric in the public discourse, family benefits account for a small proportion of social expenditure, less than 2%; a feature shared with all Mediterranean EU member-states.

Table 6 focuses on the social assistance benefits that are targeted primarily towards the poorest segments of the population. The data are from Gough *et al* (1997) who define as social assistance benefits all means tested benefits in cash or in kind, including those which provide benefits to higher income groups. According to the figures reported in Table 6, in the early 1990s both social assistance expenditure as a proportion of GDP and the proportion of the population receiving social assistance in Greece were the lowest in the EU. Nevertheless, it should be also noted that within the EU means-tested expenditures appear to play a major role only in Ireland and the UK. At this point, a clarification is necessary. The estimates reported in Table 6 appear to contradict those reported in Table 3. The discrepancy is mainly due to the fact that the estimates of these tables refer to different years, since one of the most important means-tested benefits (social solidarity supplementary pension) was introduced after 1992, the reference year of Gough *et al* (1997). In addition since, as noted earlier, a number of the benefits reported in Table 3 became means-tested but with generous income threshold in 1997, it is likely that adopting the definition of Gough *et al* (1997) and assuming that the social assistance benefits in the rest of the EU remained roughly unchanged – another brave assumption – then, in the late 1990s Greece had moved somewhere in the middle of the range regarding the proportion of GDP devoted to social assistance benefits and close to the top end regarding the proportion of the population receiving social assistance.

The last table of the paper, Table 7, attempts to answer the question “how effective are social transfers in reducing poverty in the member-states of the EU?”. The analysis is performed for all transfers taken together and for the non-pension transfers separately, in an “accounting” rather than behavioural framework. The data used for the purposes of this table are from the first wave of the European Community Household Panel (1993) and they refer to monetary incomes,<sup>16</sup> whereas the poverty line is set at 50% of the national mean equivalent income. The poverty indices used are the poverty rate and the distribution-sensitive index of Foster *et al* (1984). The last two columns of the table confirm that poverty in the Mediterranean EU member-

Table 6. Social assistance in EU member-states (1992)

Country	Social Assistance recipients as % of population	Social Assistance expenditure as % of GDP	Social Assistance expenditure as % of Social Security expenditure
Austria	4.8	1.3	6.7
Belgium	3.6	0.7	3.0
Denmark	8.3	1.4	7.8
Finland	9.2	0.4	na
France	2.3	1.8	6.4
Germany	6.8	1.6	11.9
Greece	0.7	0.1	na
Ireland	12.4	5.1	41.2
Italy	na	1.5	9.1
Luxembourg	2.7	0.4	1.4
Netherlands	na	2.2	10.9
Portugal	2.1	0.4	3.8
Spain	2.7	1.2	8.4
Sweden	6.8	0.5	6.7
United Kingdom	15.3	6.4	33.0

Source: Gough *et al* (1997)

states is more acute than in the rest of the EU. This pattern becomes clearer when the index of Foster *et al* is used instead of the poverty rate. The contrast is most vivid when the Mediterranean countries are compared with Ireland or the UK. The reason is that even though in the latter countries more population members – particularly elderly [Tsakoglou (1996)] – fall below the poverty line, they remain close to it, while the opposite is true for the Mediterranean member-states.

The first two columns of Table 7 report the proportional reduction in poverty due to the impact of all social transfers.<sup>17</sup> The figures in these columns should not be interpreted as the proportional increases in poverty in comparison with the poverty indices reported in the last two columns of the table if there were no transfers, but as the proportional declines in poverty due to the social transfers from the level of poverty that would have been encountered if these transfers did not exist. Of course, this is a very unrealistic assumption since, in the absence of social transfers, population members would have behaved differently; hence, the analysis should be considered as “accounting” rather than “behavioural”. Nevertheless, such an approach is not uncommon in the literature and, undoubtedly, it can provide useful insights about the

Table 7. Impact of cash transfers on aggregate poverty in EU member-states (1993)

Country	Percentage decline in poverty as a result of social transfers in cash		Percentage decline in poverty as a result of social transfers in cash (excluding pensions)		Index of poverty after all social transfers are accounted for	
	Poverty rate	Foster-Greer-Thorbecke (a=2)	Poverty rate	Foster-Greer-Thorbecke (a=2)	Poverty rate	Foster-Greer-Thorbecke (a=2)
Austria	53.9	86.6	25.9	55.6	0.149	0.0247
Belgium	56.5	90.9	34.2	82.3	0.157	0.0235
Denmark	74.0	96.4	64.4	93.5	0.063	0.0053
France	52.4	90.5	36.3	77.7	0.139	0.0154
Greece	32.4	79.3	4.8	21.3	0.207	0.0362
Ireland	34.6	91.4	25.9	88.1	0.247	0.0230
Italy	37.9	82.5	4.8	28.1	0.172	0.0320
Luxembourg	53.1	88.8	34.6	68.2	0.137	0.0197
Portugal	20.6	74.0	6.5	33.3	0.239	0.0406
Spain	29.6	80.0	14.5	56.5	0.206	0.0318
UK	45.1	93.5	35.9	90.9	0.226	0.0199

Source: Heady *et al* (1999)

effectiveness of social protection systems. The estimates of the first two columns of Table 7 show that, in comparative terms, only in Portugal and Spain social transfers are less effective than in Greece in bringing people out of poverty. Once again, a gap can be observed between the Mediterranean EU member-states and the rest of the EU regarding the effectiveness of such transfers in alleviating poverty, with the former being less effective than the latter. Naturally, for both groups of countries, the impact of social transfers on poverty appears to be larger when the Foster *et al* index is used instead of the poverty rate. This should be attributed to the fact that a number of social transfer recipients remain below the poverty line after the transfers, but their distance from it declines (in many cases substantially). The next two columns of Table 7 repeat the exercise for the non-pension transfers only. Since, as shown in Table 5, social transfers in Greece consist primarily of pensions, it is not surprising to find that the impact of the non-pension transfers to aggregate poverty in Greece is the lowest in the EU (followed closely by Italy). Furthermore, in these columns the difference between the Mediterranean countries and the rest of the EU regarding the relative efficacy of non-pension social transfers in alleviating poverty is even more striking than in the first two columns of the table.

The evidence presented in this section augurs well with the view of the authors who claim that there exists a distinct Southern European model of welfare and attribute the differences between these countries and the rest of the EU to a number of socio-economic factors [Leibfreid (1993), Ferrera (1996), Gough (1996)]. According to this view, in comparison with the rest of the EU, southern European countries are characterised by more “dualistic” economic structures, with relatively high employment in the agricultural sector and considerable size of the “hidden” economy. Family links are still strong and, in many cases, the Church and a few other voluntary bodies substitute the official welfare state. The origins of the South European welfare states are “conservative-corporatist”. They are extravagant in their promises but rudimentary in their implementation, while social insurance is segmented. This segmentation creates various groups with conflicting interests. Despite their rhetoric, in many occasions, these interest groups, explicitly or implicitly oppose universalistic reforms; sometimes with the tacit support of other groups with vested interests against reform. These conditions favour the development of political clientelism and very frequently the situation is aggravated further by the endemically low efficiency in the provision of social services and the (real or alleged) corruption in the public sector. Social protection systems in these countries provide sufficient support only to those members of the population who have strong links with the formal labour market, while the rest of the population is covered with low and discretionary benefits or not covered at all. However, due to the existence of strong family links, if one family member is employed in the formal labour market and receives the associated social benefits, then

a family safety net substitutes the rudimentary or non-existent public safety net, thus preventing the emergence of extreme forms of material deprivation and social exclusion. Finally, perhaps as a consequence of the relatively limited role of the social assistance, unlike many Northern European countries, the debate on the disincentive effects of social assistance policies (on labour supply, family formation, etc.) is rather limited in the public discourse of the Mediterranean EU member-states.

#### **4. Conclusions**

The aim of the paper was to review the main results of empirical studies of poverty in Greece, outline the existing anti-poverty policies and compare Greece with other Mediterranean EU member-states in these fields. It was shown that poverty in Greece is closely associated with old age, residence in particular regions and rural areas, low educational qualifications and, to a lesser extent, with lack of employment or employment in the agricultural sector. Since the mid-1970s poverty declined in both absolute and relative terms, but still remains higher than in most EU member-states. Even though a number of policies aimed to alleviate poverty were introduced in the 1990s, Greece is still the only EU member-state without a universal minimum social assistance benefit, whereas pensions account for over two thirds of social protection expenditure. Comparisons with other EU member-states revealed a lot of similarities between Greece and other Mediterranean EU countries regarding both the level and the structure of poverty as well as the role and the impact of welfare state policies in the fight against poverty. Therefore, one can ask "Is Greece really so different as sometimes claimed in the public discourse?" The evidence presented in this paper seems to suggest that at least in the field of social policy in general, and poverty and anti-poverty policies in particular, the answer is negative. The similarities with other Mediterranean EU member-states are too many to ignore.

NOTES

1. For a survey of empirical studies of inequality in Greece see Mitrakos and Tsakloglou (1998a); for surveys of poverty studies see Tsakloglou (1993a) and Petmesidou (1996a).
2. The single empirical investigation of social exclusion in Greece [National Centre for Social Research (1996)] adopts an *ad hoc* identification of the “socially excluded” population groups rather than selecting a functional definition of social exclusion first and, then, identifying population groups at high risk of social exclusion.
3. Although such a poverty line is explicitly “relative”, very frequently in the public discourse the resulting poverty rate is erroneously called the “proportion of population in absolute poverty”.
4. It should be noted, though, that since the distributions used are approximately lognormal (that is, skewed to the right), the estimates of the poverty indices are very sensitive with respect to the poverty line selected [Tsakloglou (1990), Tsakloglou and Panopoulou (1998a)].
5. See Kanellopoulos (1986), Karayiorgas *et al* (1990), Tsakloglou (1990), Eurostat (1990), Hagenaars *et al* (1994), Tsakloglou and Panopoulou (1998a, 1998b), Mitrakos *et al* (1998). A distinction should be made here between high poverty-risk population groups and population groups with high contribution to aggregate poverty. The two groups do not necessarily coincide, since several large population groups have a high contribution to aggregate poverty even though their poverty-risk is lower than the national average and *vice versa*.
6. The estimates in Graph 1 refer to the distribution of equivalent consumption expenditure per capita, after reconciling the consumption expenditure per capita estimates of the Household Budget Survey with the private consumption expenditure growth rates of the National Accounts. Similar trends are also derived using either income data or composite non-monetary indicators.
7. This is not evident in the estimates reported in Table 1; however, it becomes clear when the contribution of households with unemployed members to aggregate poverty is analysed.
8. Nevertheless, as will be discussed later, these cross-country comparisons may be a little misleading because, apart from the inevitable differences in information collection methods across countries, the poor - and, perhaps, the not-so-poor - in some countries may enjoy benefits in kind that are not available to the poor in other countries.
9. For a description of the Greek welfare state see Katrougalos (1996), Petmesidou (1996b) and Symeonidou (1997).
10. It should be noted that the distinction between social insurance and social assistance benefits is not always straightforward, while the number of actual benefit recipients was certainly lower than that reported in the bottom line of Table 3, 11.2%, since some of them were receiving more than one benefit.
11. It is interesting to note that, especially in the case of the recently introduced policies aimed to fight exclusion from the labour market, most of the initiatives undertaken were supported by the EU in the framework of Structural Policies.
12. Initially, instead of France we considered Denmark, so as to have one country from each of the three representative welfare state paradigms of Esping-Andersen (1990) – liberal, conservative-corporatist and, social-democratic. However, the extremely low number of poor households in the Danish sample produced a number of paradoxical results and, hence, Denmark was left out of Table 4.
13. Even though the estimates of Table 4 refer to the late 1980s, a number of more recent national studies show that the situation was not different around the mid-1990s.
14. Portugal’s programme is national, while those of Italy and Spain are regional. For a detailed discussion of minimum income schemes in the EU see Guibentif and Bouget (1997).
15. For example, high spending for the unemployed may be the result of high rates of unemployment, generous unemployment benefits, or both. Likewise, high spending for the elderly may be due to high pensions, large population share of older citizens or both.
16. The fact that the concept of resources used in Table 7 excludes incomes in kind overstates the extent and, particularly, the depth of poverty in Greece (and, probably, in the rest of the Mediterranean countries). This is due to two factors. The first is that outright home

ownership is more prevalent in Greece than in the rest of the EU and imputed rents for owner occupied accommodation – the most important component of income in kind, accounting for around 15% of disposable monetary income – are more equally distributed than monetary incomes. The second is that other incomes in kind, although quantitatively less important – they account for 3-4% of disposable monetary income – are disproportionately concentrated at the bottom end of the distribution. On the contrary, the fact that benefits in kind are not included in the concept of resources used in this table, tends to understate the extent of poverty in Greece since, according to Table 5, these benefits are far more common in the rest of the EU than in Greece.

17. For example, in the first line of the table, 53.9% denotes that if the poverty line in Austria was kept intact but there were no social transfers, the poverty rate would have been 0.324 rather than 0.149 and, therefore, the proportional decline in the poverty rate after the inclusion of social transfers is 53.9% [ $53.9=100*(0.324-0.149)/0.324$ ].