

Special Article

The Impact of the Economic Crisis in the Welfare State

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Abstract

Introduction: The term "social policy" is used to denote all those state interventions aimed at increasing social welfare and providing social protection.

Purpose: The purpose of this review is to investigate the effects of the economic crisis on the welfare state and its benefits to the citizens and especially the vulnerable social groups of the state, especially in our country.

Methodology: The method of this article focuses on the literature review, found in Greek and international databases such as Google Scholar, Mednet, Pubmed. The excluding criterion for the articles was the language, except Greek and English. **Results:** The welfare state is an institution that assimilates one third to one quarter of income in Europe as well as the Northern Mediterranean where social spending converged with the European average. However, due to austerity, social protection benefits have decreased while the recession has increased the demand for these benefits to historically high levels.

Conclusions: Providing welfare is an ethic activity and the values on which it is based are those of the society in which it operates. The welfare state has no end, due to its obligation to constantly expand and adapt.

Keywords: economic crisis, social policy and welfare state.

Introduction

Social policy is the science that seeks the measures that will contribute to the mitigation of social contradictions and the resolution of social conflicts, for the maintenance or restoration of social peace. The term "social policy" is used to denote all those state interventions aimed at increasing social welfare and providing social

protection. (Spicker. 2004). Achieving social well-being is an important but not necessary goal, while in modern risk-taking societies it is oriented towards supporting individual risk management. (Stasinopoulou. 2006).

For the conceptual approach of Social Policy, the precondition is the delimitation of the role of the Welfare State. An important part of social policy

deals with the welfare state, the current models, its evolution, its mechanism and methods of intervention in society, its relationship with the market, the family and civil society. The term "Welfare State" refers mainly to a historically given form of the urban, national state, with its main feature being its expanded social function, responsible for the social protection of its citizens and the achievement of their prosperity. (Stasinopoulou. 2006). The term "welfare state" appears mainly in the post-war era and assumes the responsibility of meeting the needs of employment, health, education, housing, social care, environmental protection and leisure for the active and inactive population. (Petmasidou. 2017). The introduction of the term "welfare state" expresses a specific conception of the welfare state, making it responsible for meeting basic human needs at the individual and collective level. Its role is no longer just to correct market imbalances and inequalities, but to expand. (Chletsos. 2012)

Nowadays, the majority of views expressed on the welfare state, consider that this is usually defined by a series of legislative interventions in the areas of social security (pensions, health care), social care (for children, the elderly, the poor), social benefits (housing, training, nurseries), labor protection and the protection of the unemployed. (Morlino. 2017). Moreover, health systems are not known to operate independently of society and the planning of the welfare state of which they are a part. The needs of a health system in terms of how it is organized and operated, its funding, staffing and goals, depend directly on social developments and should always be considered in relation to them. (Andreotti. 2016)

The **purpose** of this review is to investigate the effects of the economic crisis on the welfare state and its benefits to the citizens and especially the vulnerable social groups of the state, especially in our country.

Material – Methodology: The method of this article focuses on the literature review, found in Greek and international databases such as Google Scholar, Mednet, Pubmed, by using keywords such as economic crisis, social policy and welfare state. The excluding criterion for the articles was the language, except Greek and English.

Welfare State: There is no single definition of the welfare state and its social policy.

This differentiation is mainly due to the way the welfare state was created and the role it plays in the economy and society in general. (Robson. 2018) The welfare state is an institution that assimilates one third to one quarter of income throughout Europe as well as the Northern Mediterranean where social spending has converged with the European average.

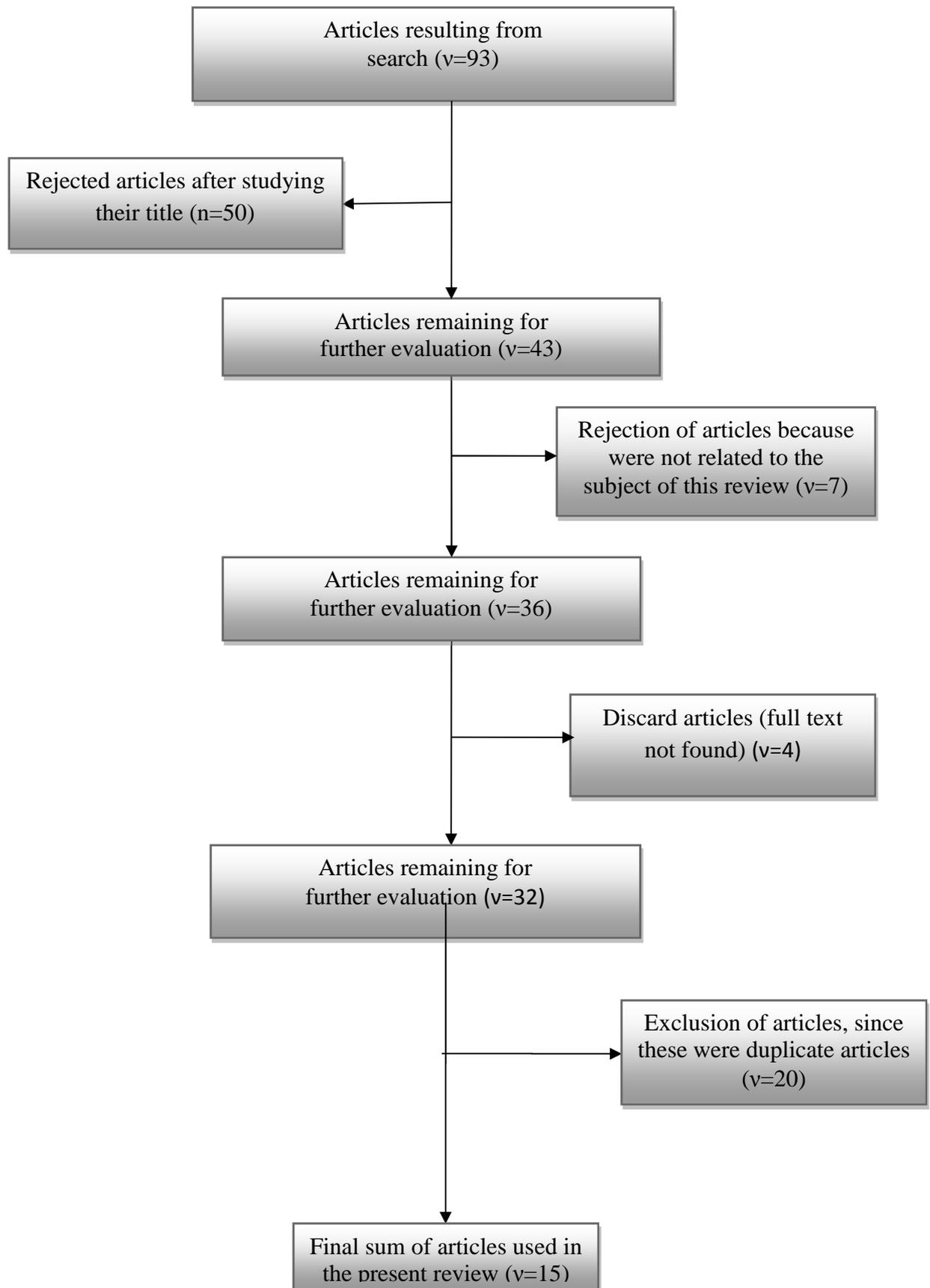
However, due to austerity, social protection benefits have decreased while the recession has increased the demand for these benefits to historically high levels. (Greve. 2020). The welfare state is called the "core of business" and its role is to support people who have lost their jobs so that they cannot support their families by providing them with either money or material goods. The welfare state can therefore be an automatic stabilizer. (Le Grand. 2018).

The welfare state as a form of state organization emerged in the 20th century in mainly western countries. It has a socio-political content, which acts through the provision of administration, in order to cover the social risks and the needs of the citizens. The main feature is the recognition of basic social rights, equal opportunities between individuals and different social groups, in order to ensure the means for a decent living and the reduction of poverty, unemployment and social exclusion. (Ewald. 2020).

In Greece, the welfare state, due to the special economic, social and political conditions that developed after the Second World War, was delayed in its development and when this happened, it happened in a peculiar way adapted to these particularities. The welfare state in Greece developed mainly after 1974, quite slowly compared to other Western European countries and took a different form. (Robson. 2018).

The factors that led to this delay were economic, social and political. The economic factors include the low rate of industrialization, the small size of the companies, most of which were self-employed and the minority of the workforce employed. Among the social and political factors are those associated with the turbulent history of the period from World War II to the political changeover, which included civil war, dictatorships, prisons and exiles, meaning social and political instability (Petmesidou. 2017). The welfare state, a conquest of the last centuries, has entered into a state of crisis for the last 40 years and there are many who anticipate its collapse.

Figure 1: Research Process Diagram



Results

Its functions such as unemployment, health, elderly, disability insurance, public education, housing support and family support are considered too expensive, unprofitable and ineffective in an ever-changing economic, social and demographic environment. So its abolition or its radical change, with the replacement of the state by the private sector and the change of goals and directions, is the proposal of some voices of concern. (Chletsos. 2012 & Petmesidou. 2017)

The modern welfare state is called to face with new tools and policies the problems of the spread of social exclusion in developed societies, structural unemployment, the increase of the demographic dependency index, as a result of the aging of the population and the consequent increase of the social security deficits and the geometric increase in demand for social services, especially in healthcare. (Scarpa. 2018)

The state intervenes through the institutional framework and the regulation of the mode of operation of social security organizations, the establishment / abolition of organizations, the implementation of income policy measures, the adjustment of pensions. However, the state made individual arrangements for the calculation of allowances, insurance contributions, grants to the various funds. (Dassiou. 2015)

After all, the survival of the welfare state depends on how well social policies will meet the needs of the poor, the unemployed, the sick, the elderly, the young, women, immigrants and others. Also, whether it will succeed in convincing taxpayers and voters that by paying such policies they contribute to the common good and to the development of a dynamic economy. (Maragaki. 2016 & Chrysanthopoulos. 2016)

Moreover, the effectiveness of a welfare state does not depend on the level of social protection expenditures but on their rational and strategically planned management based on the real needs of the citizens. (Maragaki. 2016 & Chrysanthopoulos. 2016)

Economic Crisis and Welfare State

In times of economic crisis, the welfare state finds it difficult to secure the rights and needs of its

citizens such as the rights to health care, free education, benefits and social security. (Barr. 2020)

Following the onset of the economic crisis, there has been a deterioration in the overall health of the country's population. The collapse of the health system was a result of a 40% reduction in the budget of public hospitals, while at the same time hospital admissions increased by 30% as more people turn to public health care when their incomes are shrinking. (Barr. 2020)

As the crisis continues, austerity policies increase. In 2013 and 2014, Greece aimed to save 5% of GDP in 2013 and 2.25% of GDP in 2014. Reductions in social spending and increases in social contributions were able to provide the state with a 45% and a 5% respectively in cost savings. The public health system is staffed with fewer staff, who have also seen a 40% drop in their salaries. (Maragaki. 2016)

Many health care facilities have closed, and surgeons are concerned about a lack of surgical equipment as well as a lack of surgical practice due to budget cuts. Drug prevention and treatment programs were also reduced, with about 1/3 of street drug programs stopped. (Stylianidis. 2019)

There have also been cuts in health and disability benefits as stricter eligibility rules and longer waiting times for their approval. These developments, together with the escalating unemployment rates, had left about 2.5 million Greeks without health insurance according to the EOPPY in 2014. (Marx. 2015)

Research shows an expected reduction in life expectancy of 3 years for those born this decade, a growing number of unvaccinated children, a significant increase in the number of people reporting lack of access to health care, and an increased level of HIV infection in drug users, possibly due to reduced treatment plans. (Thane. 2016)

With the Law 4368/2016 and JM A3 (c) GP / OIK.25132 / 04-04-2016, the right of free access to all public health structures is established for the first time, for the provision of nursing and medical care in uninsured citizens and vulnerable social groups. (Ouzounakis. 2020)

The combination of work and family is also limited in the public sector, where maternity and early retirement for mothers with minor children are required, in contrast to small private sector businesses. (Neyapti. 2018)

Regarding family benefits in Greece, the state plays an auxiliary role. Social security benefits, both in cash and goods, are lower than the EU-15% of GDP. In general, cash benefits are more common than the benefits in goods or tax breaks. Child benefits are mainly intended to facilitate large households, as the majority of families with children do not receive public assistance, including those below the poverty line. (Dassiou. 2015)

There are also family benefits, depending on the occupation of the parents, which further enhance the differentiation between public and private sector employees, with the latter benefiting less. (Dassiou. 2015)

With regard to child allowances, there have been some changes, such as the virtual abolition of family allowances and children in the private sector, the introduction of a monthly child allowance of € 40 for all families with children and a special allowance of € 500 for families with more than three children, replacing previous benefits and maternity pensions for families with more than three children. Although these changes extend the benefits to all families with children, the level of benefits is low enough to bring significant benefits. (Stylianidis. 2019)

After all, early childhood care includes only daycare centers, excluding other benefits available in other European countries. However, the demand for these services far exceeds the supply of 38 as in 2006 children aged 0-3 receiving care services accounted for 10% versus 26% for the European Union (EU). (Barr. 2020) The support of families and children is undermined by the reduction of the budgets of the Local Government Organizations (LGOs), which are responsible for the operation of the kindergartens. (Alarcon. 2016)

Conclusion

The social benefits of the state to the vulnerable groups are a timeless and topical issue. Their establishment as a political practice is connected with the emergence of the so-called "welfare state". Providing welfare is a moral activity and the

values on which it is based are those of the society in which it operates. The welfare state has no end, due to its obligation to constantly expand and adapt. (Iliadis. 2016)

In this day of great bankruptcy and recession, taking responsibility for guaranteeing basic social benefits by the welfare state is more than ever the main obligation of the state to its citizens, who daily experience the disintegration of the welfare state and the degeneration of their social rights.

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