

# The welfare state and the crisis: the case of Greece

Manos Matsaganis  
*Athens University of Economics & Business*

## Abstract

The proposed paper examines the relationship between, on the one hand, the severe economic crisis facing Greece, and, on the other hand, the country's social protection system. The paper argues that this is no one-way relationship. On one level, the crisis and the measures to counter it will deprive the welfare state of precious resources, will give reforms an added impetus, and will set in motion far-reaching transformations. On another level, the welfare state itself – its various failures including huge deficits in key programmes such as pensions and health – have contributed in a far from trivial way to the fiscal crisis of the state. On a third level, the institutional configuration of the social protection system in Greece fatally weakens its capacity to cope with the consequences of the crisis. The proposed paper concludes with a discussion of the prospects for a revival of welfare state-building in Greece in the current adverse conditions.

## Contact details

Athens University of Economics and Business, Department of European and International Economic Studies, Patission 76, Athens 10434, Greece (e-mail: [matsaganis@aueb.gr](mailto:matsaganis@aueb.gr)).