Social Welfare and Pensions after the Implementation of Structural Economic Adjustment Reforms in Cyprus, Greece, Portugal and Greece

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In the aftermath of the 2008 socioeconomic crisis Economic Adjustment Programmes (EAP) were implemented in Cyprus, Greece, Portugal and Ireland aimed at consolidating public finances and reducing macroeconomic imbalances, with the final goal of recovering financial solvency and at the same time, promoting economic growth and job creation. Adjustment programmes invariably rest upon draconian austerity measures, aiming at the reduction of government debt primarily through severe cuts to public spending and in particular, through cuts to social expenditure (Costamagna, 2012) including pension funds, social insurance schemes, health care or education (Schwartz, 2014).

This paper firstly analyses structural reforms in the area of social protection - with emphasis paid on pension and old age benefits - enforced in Cyprus, Greece, Portugal and Ireland under separate Economic Adjustment Programmes, in exchange for financial assistance from the euro area and the IMF. Structural reforms crucially aim at increasing the "allocation of productive resources of capital and labour under the doctrine of profit maximization and thus enhance efficiency translated into return" (Rodrik, 2017). Reforms or changes are presented with a view to the overall strategic objectives of adopted EAPs for each country. Results produced in the countries of the euro area periphery by the identified structural changes in terms of social protection philosophy and priorities are then compared to two core economies, Germany and France plus the euro area average. Comparative lenses employed may enable arriving at more generalizable illustrations on the level of social welfare and particularly old age with a view in identifying increasing similarities among the countries of the periphery and disparities between core and periphery countries of the euro area.

A comparative approach is employed which conceptualizes core and periphery countries across uneven development patterns between a centre of highly developed countries and a periphery of less advanced countries (see Parker and Tsarouhas, 2018; Amin, 2019; Petras and Weltmeyer, 2007). It is assumed that such uneven development and heterogeneity is more than ever manifested in the European Monetary Union (see also Lapavitsas, 2019; Laffan 2016). By the contrast "core and periphery" we mean highly developed core countries exploiting a less developed periphery (Wallerstein et al., 2013) in conditions where an EU structural reconstitution of capitalism is endeavoured- with hegemonic capitals as motors-, a state of play which is enforced to the interior of unevenly developed states or even regions (Gouliamos 2014) where social inequalities continue to rise (Denk and Cournède, 2015), or become exacerbated by the crisis and newly institutionalised policies (Magone et al., 2016).

Structural reforms findings in the periphery appear to share common characteristics. The framework for social protection was modified including pensions, unemployment benefits and other welfare provisions (most forcefully in Greece, Ireland and Portugal) to reflect a new likely permanent austerity culture instead of the "old" socially more generous one, affecting income inequality and consumption among other parameters. Findings as far as the social repercussions of enforced structural reforms suggest that disparities in unemployment expenditure and old age expenditure in the group of the periphery countries namely Greece, Ireland, Cyprus and Portugal in comparison to the euro area average and core countries in the period from 2008-2019, have increased. Greece, demonstrates the sharpest fall in specific categories of social protection despite a social protection increase in smaller though budgets, thus extensively diverging from the euro area average, core countries and the periphery. These come with some implications. Regression of social protection and the institutionalisation of a culture of austerity in the periphery, extends divergences within the societies and across the core periphery axis. For social convergence to be strengthened and disparities among different euro area countries to reduce a more socially balanced approach is in need. Overall, this paper suggests a link of structural reforms to findings of increasing disparities in the euro area periphery. Detects common characteristics of structural reforms in social protection, specifically pensions in the four countries under EAPs, with the comparative lenses employed offering an alternative perspective of core-periphery realities.