



Guaranteed Minimum Income in Greece: Main Characteristics, Implementation and Policy Proposals

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ABSTRACT: The Guaranteed Minimum Income has been implemented in Greece since 2017, although the attempts to its implementation go back to 1998. It is currently a popular social policy tool, as many Greek citizens benefit from it. However, its results need to be further analyzed so that unshakable conclusions are available about its effectiveness and proposals can be drawn up for its further improvement. This article presents the initiatives of the governments to set up a Guaranteed Minimum Income in Greece and investigates its main characteristics and preconditions. The pivot of the survey turns around the impacts of the Social Solidarity Income in Greece, the pros and cons of the policy, as well as policy proposals for more effective implementation.

KEYWORDS: Greece, Guaranteed Minimum Income, Social policy

1. INTRODUCTION

The Guaranteed Minimum Income is an unconditional guarantee ensured by the government where all citizens of a state have enough income to meet their basic needs without a work requirement (Sheahen, 2013). It is one of the most controversial issues regarding the eradication of the poverty and the reduction of inequality. Guaranteed Minimum Income is based on a humanistic approach that considers that all citizens of a state can receive, without conditions, an income able to meet their basic needs as identified by the respective living standards. It is worth mentioning that almost all European Union countries implement minimum income guarantee schemes either as a safety net against poverty and social exclusion, or as a main means of provision of social welfare, with the Guaranteed Minimum Income being such a scheme. Indeed, there are many supporters of the Guaranteed Minimum Income in the European Union, but there are also many critics (Maragkos and Astroulakis, 2010).

Greece has been applying the Social Solidarity Income (SSI) since 2017 on a nationwide basis as a general minimum income scheme. It is addressed to households in extreme poverty, although the strict eligibility criteria on income and poverty make it inaccessible to many poor households and persons (Ziomas et al., 2017). The purpose of this paper is to present the regulatory provisions of the SSI, as a Guaranteed Minimum Income scheme in Greece, and to critically examine the effectiveness of this initiative as far as the strengthening or weakening of the welfare state is concerned.

2. THE INITIATIVES TAKEN CONCERNING THE GUARANTEED MINIMUM INCOME IN GREECE

The first attempt to implement the Guaranteed Minimum Income in Greece was in 1998, as a draft law submitted to the Greek Parliament proposed the establishment of a "survival aid" for those who are completely deprived of financial resources or whose resources are insufficient to meet their basic living needs. The beneficiaries were defined exclusively Greek citizens residing permanently in Greece and not been deprived of Greek citizenship (Lalioti, 2015). The second attempt was in 2000 and the legislative proposal provided for a monthly minimum cash income of up to 2 years (initially 12 months, renewable) to those aged more than 22 years old or younger, if they had the responsibility of dependent family members. The third attempt to institutionalize a guaranteed minimum income was made in 2004 with specific "survival" rules and conditions. The aim of the proposal for the introduction of a guaranteed minimum income was to tackle extreme poverty as clearly defined by the median income criterion and to create a job search process for those who are able to work. All the above three attempts are considered as ineffective and have not been successfully implemented in practice. Eventually, the successful implementation of a Guaranteed Minimum Income – the Social Solidarity Income - was the result of the commitment for the pilot implementation of the guaranteed minimum income under the obligations of the memorandum programs, rather than a realization of a long-standing vision of the government (Dimoulas, 2017). Indeed, the introduction of a guaranteed minimum income took place against the indifference or active opposition of key domestic actors. On the contrary, external actors (such as the EU, the IMF, the World Bank) played a key role in arguing for



guaranteed minimum income and imposing legislative changes and provided technical assistance to the Greek authorities for effective implementation. This assistance was necessary as social safety nets in Greece had been ineffective, fragmented and wasteful and a merger of the various categorical schemes into a minimum income programme aimed at fiscal savings and improvements in social protection (Matsaganis, 2018).

3. THE CHARACTERISTICS OF THE SOCIAL SOLIDARITY INCOME

Following successive initiatives to establish a Basic Income Guarantee, the Social Solidarity Income is the legislated Guaranteed Minimum Income in Greece. The most recent relevant regulatory act of the Greek legislation is the Ministerial Decision No. 45387/2021, preceded by a small-scale pilot application. According to the Greek Organization of Welfare Benefits and Social Solidarity, Social Solidarity Income is a necessary safety net to deal with the consequences of poverty and to avoid social exclusion, as the state care for ensuring the dignified living conditions of all citizens through a system of minimum guaranteed income is provided under Article 21 of the Greek Constitution. Nowadays, the Social Solidarity Income is a welfare program given to approximately 273.000 vulnerable households (OPEKA, n.d.). The program is based on three pillars: a) income support, b) interconnection with social inclusion services and c) interconnection with activation services aimed at the integration or reintegration of beneficiaries in the labor market and social reintegration. It consists of: a) income aid, i.e. the amount of financial aid of the beneficiary unit, b) complementary social services, benefits and goods, i.e. free medical care for the uninsured, referral and integration into social care and support structures and services, integration into programs and social structures for tackling poverty, inclusion in the actions implemented within the Operational Program of the European Aid Fund for the Poor, social tariff for electricity supplies, social tariff for water supply services and social tariff of Municipalities and Municipal Enterprises and c) activation services, i.e. promotion of beneficiaries, if they are able to work, to actions aimed at their integration or reintegration into the labor market and may include, inter alia: the coverage of a proposed job, the participation in community service programs, vocational training programs, programs to gain professional experience and joining or returning to the education system and second chance schools (No. 45387 Government Gazette B 3359, 28 July 2021). Beneficiary groups are single-person households, multi-person households and the homeless with the following Income and Property Criteria (Tables 1 and 2):

Table 1: Georgios Nasios

Household composition	Semi-annual Income
Single person household	1.200 €
Household consisting of two adult members or single parent family with a minor member	1.800 €
Household consisting of two adults and one minor member or single parent family with two minor members	2.100 €
Household consisting of three adult members or two adults and two minor members or a single parent family with three minor members	2.400 €
Household consisting of three adults and one minor member or two adults and three minor members or a single parent family with four minor members	2.700 €
Household consisting of four adult members or two adults and four minor members or a single parent family with five minor members	3.000 €

Source: <https://opeka.gr/elachisto-engyimeno-eisodima-kea/plirofories/>; Ministerial Decision No. 45387/2021

The corresponding six fold guaranteed amount is added for each additional member.

The declared income cannot exceed the amount of 5,400 €, regardless of the number of household members (OPEKA, n.d.).

Table 2: Property criteria

a. Real property: The total taxable value of the household real property cannot exceed the total amount of 90,000 € for the single-person household, increased by 15.000 € for each additional member and up to 150,000 €.



b. Personalty: 1. The objective cost of passenger cars of the household cannot exceed in total, the amount of 6.000 €. 2. The total amount of household deposits and / or the current value of shares, bonds, etc., cannot exceed the limits of the table below for each type of household, up to the amount of 14.400 €.

Household composition	Deposit limits / shares, bonds, etc.
Single person household	4.800€
Household consisting of two adults or single parent household with a minor member	7.200€
Household consisting of two adults and one minor member or single-parent household with two minor members	8.400€
Household consisting of three adults or two adults and two minor members or a single-parent household with three minor members	9.600€
Household consisting of three adults and one minor member or two adults and three minor members or a single-parent household with four minor members	10.800€
Household consisting of four adults or two adults and four minor members or a single-parent household with five minor members	12.000€
Household consisting of four adults and 1 minor member or two adults and five minor members or a single-parent household with six minor members	13.200€
Household consisting of five adults or two adults and six minor members or a single-parent household with seven minor members	14.400€

Source: <https://opeka.gr/elachisto-engvimeno-eisodima-kea/pliροφοries/>; Ministerial Decision No. 45387/2021

It is worth adding that applications are not accepted from households whose members, based on the last cleared income tax return, fall under the provisions of the luxury tax, declare expenses for yacht crew fees, declare tuition fees in private schools, declare expenses for housekeepers, drivers, teachers and other staff, as specified in the corresponding codes of the income tax return (OPEKA, n.d.).

4. THE APPRAISAL OF THE IMPLEMENTATION OF THE SOCIAL SOLIDARITY INCOME IN GREECE

It is argued that the implementation of the SSI in Greece is effective and is accompanied by positive effects. Lalioti and Koutsampelas (2021) point out that the functional pressures, such as high unemployment and poverty, have created a context that encouraged demand for a guaranteed minimum income. In general, the implementation of the SSI has been considered as a positive development, as it acts as a social safety net against poverty and social exclusion. The main reason is that the SSI is expected to have a positive impact on the poverty gap by reducing the number of those living below the income poverty line (Ziomas et al., 2017). According to a Quantitative Evaluation of the Greek Social Solidarity Income conducted by the World Bank, the Greek SSI program is considered as very effective in identifying poor households, the program’s resources are used very effectively towards supporting poor households, the program forms a significant source of income for households in the bottom decile and for poor households and is de facto functioning as an unemployment assistance scheme, particularly for the long term unemployed who do not receive unemployment benefits (The World Bank, 2019).

On the other hand, it is argued that the social safety net of the SSI covers only the most deprived and it can hardly guarantee a dignified standard of living. As a result, it cannot really be expected to help reduce the overall number of poor and excluded people (Ziomas et al., 2017). Moreover, the World Bank (2019) claims that the SSI does not have much of an impact on poverty incidence (although it does reduce the poverty gap and inequality), suffers from low coverage among its intended and potential beneficiaries and almost 60 percent of said households did not apply to the SSI. Yet, limiting the budgetary cost of generous benefits and avoiding the need for more taxes requires high generosity to be accompanied by high benefit withdrawal rates. In this way, potential forceful labor disincentives can undermine the goal of poverty alleviation if they result in lower wages from work. (Coady et al., 2021). Sakellaropoulos et al. (2019) also argue that the SSI has positive elements (such as the monetary allowance, which assists persons in covering their basic needs), but the overall impact of SSI on individuals’ lives is small, as many beneficiaries continue to survive



in the same ways as before the implementation of SSI. It should also not be overlooked that the SSI system is characterized by low levels of absorption and other administrative deficiencies (Lalioti and Koutsampelas, 2021).

5. POLICY PROPOSALS

On the basis of the above, it appears that there is room for improvement regarding the policy of the Guaranteed Minimum Income. Interesting policies have been proposed and can be evaluated in the direction of their adoption in the Greek reality. Kaminioti (2013) had pointed out that the identification of beneficiaries is one of the main difficulties regarding the implementation of the policy. This identification cannot be based only on a tax return but should also take into account the general income / assets of the person concerned, including the obligations assumed, in order to identify the risk that the persons face. Moreover, the issue of supportive action is extremely important and more especially housing, disability and other difficulties further complicate the situation and should be treated with special-additional actions. Thereafter, proper mechanisms and arrangements should be put in place in order to increase its impact and ensure better links between the income support and the other two pillars of the SSI scheme. Another high priority is the establishment of permanent monitoring and impact assessment mechanisms for the SSI (Ziomas et al., 2017).

The low take up of the program and the lack of information about it within the target population is an important constraint. Therefore, there arises the need to stronger communication and outreach efforts as well as an expansion of the SSI to cover a greater part of the program's intended beneficiaries, as part of a policy of an efficient use of resources towards alleviating poverty (World Bank, 2019). Sakellaropoulos et al. (2019) underscore the need to accompany the SSI with other social policies and reinforce the underdeveloped SSI pillars as well as to face potential problems arising from the fact that beneficiaries may perceive access to the SSI as shame. The cooperation of public bodies and a clear demarcation of responsibilities are also considered mandatory, whereas the evaluation of the measure (especially using control groups) is of key importance. Government effectiveness and political stability are also major factors for a higher performance of the GMI. This has to be taken into account given that Greece has weak administrative capacity and political turmoil, following unpopular economic adjustment programs for almost a decade (Lalioti and Koutsampelas, 2021). For this reason, extensive guidance and extra resources from the central government to the local authorities and dedication of the employees at ministry and municipal level are crucial factors for the effective application of the GMI (Matsaganis, 2018).

Lowe et al. (2020) argue that in order to deliver a basic income in practice three phases need to be followed: assessing, decision making and implementation. Apart from these, foundational elements of the surrounding ecosystem are more than necessary such as ID Systems, Civil Registration Systems, Interoperability and Data Protection Frameworks and Payment Service Provision. In any case, specific issues need to be analyzed before the implementation of a Guaranteed Minimum Income policy, in order to tackle possible problems and deficiencies. These issues concern the generosity of the benefits to achieve poverty objectives, the margin to increase benefit withdrawal rates without introducing disincentives to work and the possibility of reducing disincentives to work in a financially sustainable way (Coady et al., 2021).

6. CONCLUSIONS

The introduction of the Social Solidarity Income in Greece, as a nationwide guaranteed minimum income scheme, is an important policy development in the country's social security system that was long overdue. It is argued that minimum income in Greece is the result of external pressure, mostly from the European Commission and the International Monetary Fund (Matsaganis 2018). Besides, almost all the countries of the European Union implement Minimum Income Guarantee schemes (Maragkos and Astroulakis, 2010).

The policy of the minimum guaranteed income as it currently stands with its limited budget is not a panacea, given the poverty line of the country following the prolonged and recent financial crisis and the fragmentation, injustices and inefficiency of the Greek welfare system. Nevertheless, it can contribute to secure a safety net for those most affected by poverty and social exclusion and trigger a broader debate on social policy in the country (Kaminioti, 2013).

For the reasons set out above, it is necessary to take a critical look at the policies implemented regarding the Social Solidarity Income in relation to its effectiveness and the fulfillment of its intended purposes. The consideration of other social policy tools already implemented, the social welfare schemes in the European area, as well as the best practices recognized, can contribute to a policy evaluation and possibly a re-examination of the key factors of Social Solidarity Income.



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