14

Central and Eastern Europe

Steven Saxonberg and Tomáš Sirovátka

Introduction

When the communist regimes fell, a variety of hybrid types of policies developed. Not only do policies differ between countries, but also the types of policies differ within one country, as some social policy areas may have, for example, more liberal-residualist characteristics, while other policy areas in the same country may have more conservative-Bismarckian aspects. The development of post-communist social policies has been influenced mainly by a combination of path dependency (often with universalist and conservative elements), a discourse dominated by market-liberal hegemonic tendencies, and the desire of large portions of the population to have relatively generous welfare policies.

Path dependency makes its impact from two stages. First there are the developments from the pre-communist era, which include the policy legacies as well as the actual institutional arrangements. In most cases the pre-communist policies, especially in countries of the former Austro-Hungarian Empire, had a strong Bismarckian influence, although policy areas that were not highly prioritized were more residualist. In addition, countries with weaker state capacity also had less generous welfare policies than their neighbors. Even countries that had not been part of the Austro-Hungarian Empire, such as Romania and Bulgaria, still looked to the Bismarckian model for inspiration.

When the communist regimes lost power, the new governments had to focus first on establishing a safety net and getting the labor market to function. These policies were formulated relatively quickly and given top priority. Policy makers were highly influenced by the market-liberal discourse that was to become rather hegemonic in the West, but the policies were generally much more pragmatic than traditional market-liberal policies and were to some extent based on the idea of “divide and pacify” (Vanhuysse 2006), in which the weaker social groups were divided by policies, so that they would not be able to unite around their interests and protest against market reforms. In the areas with longer social policy traditions, the post-communist regimes were bound by higher degrees of path dependency as there were greater entrenched interests and well as stronger policy legacies. The main exception eventually was pension reform, as international organizations had great influence there in promoting the three-level model.

Even though many of the policies developed in the early post-communist period were much
more generous than traditional residualist policies, benefit levels were often not indexed to keep up with inflation. This brought about a trend towards “liberalism by decay” (Saxonberg and Sirovátká 2009b).

In the welfare state typologies the post-communist welfare regime was often characterised as a hybrid of the Bismarckian, neoliberal and social democratic elements (Cerami 2006, 2010; Inglot 2008; Hemerijck 2013; Kuitto 2016; Vanhuysse 2009). Research also indicates that the profile of this hybridisation is a combination of Bismarckian social insurance schemes (which provide broad/universal coverage) combined with flat-rate benefits, strong conservative principles in family policies, and a rudimentary/neoliberal approach in labour market and social assistance policies. Although the countries are different in their profile of welfare spending, the logic of the system is similar and the differences within the post-communist cluster are less pronounced than the differences between the post-communist countries and the other welfare models (Aidukante 2011; Bohle and Greskovits 2007; Fenger 2007).

This chapter now proceeds by examining the pre-communist, the communist and the post-communist developments of social policy in Central and Eastern Europe.

Pre-communist policies: Bismarckian with liberal elements

The Central and East European countries were highly influenced by the Bismarckian model of social welfare policies, especially those countries that had been a part of the Austro-Hungarian Empire. These policies included heavy reliance on profession-based social insurance schemes. In addition, the male-breadwinner model was very strong, since women were expected to be full-time carers.

As is usual in Bismarckian systems, some groups were favored over others. Thus, since 1889 miners and civil servants received their own separate mandatory social protection programs. Salaried employees also had additional supplementary pension plans (Inglot 2008: 63). During the First Republic (since 1918), when the Czech lands and Slovakia united to form Czechoslovakia, this Bismarckian tradition continued. Miners and steelworkers managed to keep their special separate pensions even when the government tried to unite them all under the General Pension Institute in Prague. Meanwhile, a growing number of salaried employees also succeeded in getting their funds to continue to be managed separately.

Neighboring Poland also basically followed the Bismarckian model, but it was a less generous version. The country had “meager resources” (Inglot 2008: 82) during the interwar period which made it more difficult to build up welfare institutions. Only certain select professions were covered by social insurances and the benefit levels remained comparatively low even during communist rule (Inglot 2008: 83).

Similar to Czechoslovakia, Hungary has Bismarckian roots for its social policies going back to the Austro-Hungarian Empire. Since it had greater political autonomy than the other territories of the empire, it could shape its social policies more according to the wishes of the national elite. The social insurances were originally based on self-governing territorial funds based in turn on the German model, as well as on unions, companies, the miners’ guild and other units (Inglot 2008: 97).

Even the Baltic states, which had gained independence during the interwar years, basically followed Bismarckian policies of occupationally based social insurances (Aidukaite 2009: 99–100). One might imagine that the poorer and less industrialized countries, such as Romania and Bulgaria, would follow different types of social policies, since the Bismarckian model was originally developed to co-opt the working class so that it would not support socialist movements. However, a strong urban–agricultural divide still existed, even if the urban élite did not
include many people from the working class. The most powerful urban political and economic élites pushed for Bismarckian insurance principles (Cerami and Stanescu 2009: 114). Thus, both countries introduced Bismarckian types of social insurance programs. In Romania the first old age benefits were established in 1912, while in Bulgaria they were established in 1924 (Cerami and Stanescu 2009: 112). Health and sickness insurance also followed Bismarckian principles (being established in Romania in 1912 and in Bulgaria in 1918).

Despite these clear Bismarckian trends, since most of the countries were newly formed they did not have the time and resources to develop social insurances for all areas of social support. For example, in Czechoslovakia no economic support was available for those who had to take care of sick or elderly family members. If family members were not available and the sick and elderly were able to claim that they had a “non-functioning family” then they could only turn to stigmatizing “poor care,” which was means-tested and included being forced to live in poor asylums, infirmary asylums or homes for seniors. This is an example of liberal, residual types of means-testing policies that existed in social policy areas that were not well developed. Regardless of whether policies were more liberal or more conservative, they clearly favored the male breadwinner model and gave women the prime responsibility for caring (Kotous et al. 2003; Matoušek 2007).

**Communist rule**

When communist parties came to power throughout Central and Eastern Europe they proclaimed themselves to be revolutionaries, who wanted to make a sharp break with the past. Even though it is true that they did make important changes in social policies, such as sharply increasing support to daycare and making social benefits more universally available, they still did not completely break from the Bismarckian model. Moreover, in Central-Eastern Europe, in the post-Stalinist thaw, the regimes often took steps back in a more conservative, Bismarckian direction. Inglot (2008: 28) observes that the Stalinist model:

> reinforced the preexisting hierarchical structure of social insurance benefits, conferring substantial privileges on certain categories of employees while keeping payments to other groups (women, for example) very low or denying social insurance to some occupations altogether (for example, to private farmers, the self-employed, clergy, political “enemies of the state,” etc.).

Thus, for example, in Czechoslovakia, the regime established three different pension levels depending on one’s profession, with miners getting the highest pensions, followed by workers in chemistry and heavy industry, with the remaining workers receiving the lowest pensions (Matějček 1973). In Poland in 1954 two occupational categories were created, with most workers in heavy industry belonging to the privileged group (including miners), as did state officials, military and the police. Much lower benefits were available to those outside of manufacturing, such as trade, transport and services (Inglot 2008: 153).

Another type of conservative benefit which the communist regimes often used was the flat-rate benefit as a type of paternalist policy that gives a moderate level of decommodification (Esping-Andersen 1990), but which pays much lower levels of benefits than the more generous benefits in the Nordic social democratic welfare states that are based on the income replacement principle. In addition, in the area of caring, flat-rate benefits re-enforce separate gender roles, as only women are likely to utilize these benefits, given the fact that in most families men have higher incomes than women and thus have more to lose economically by leaving paid work for these benefits.
In Czechoslovakia the communist regime introduced several types of flat-rate benefits in the 1960s. One was the “helplessness pension” in 1964, which paid a lump-sum benefit (Saxonberg 2012). Another example was the extended maternity leaves which the regime introduced to induce mothers to stay at home for longer periods after their initial maternity leave ended. Hungary also introduced a flat-rate extended maternity leave in the 1960s and in both countries these leaves eventually paid out for up to three years (Saxonberg and Sirovátka 2006). In 1985, however, the Hungarian regime also introduced a more generous two-year leave based on the income replacement principle (paying 75 per cent of previous salary) (Haney 1997: 178). Yet, even this policy had a conservative bent, because in contrast to the Nordic parental leaves that try to induce fathers to share in the parental leave time, this leave was not open for men until after the communists lost power.

In fact, in the original Stalinist model no room existed for social policy as a special field, since the command economy was to solve all the social problems. Thus, the communists eliminated the ministries of social welfare or social caring. As Ferge (1979: 62) put it:

This vision was based on a simplified Marxist interpretation of historical evolution, which held that social development inevitably followed change in economic relations, and which saw only one element of economic relations: property. Hence economic policy and planning did not need to be complemented by societal policy or social planning.

In Czechoslovakia, the government dissolved the Ministry of Social Care in 1951 (Schiller 1971). In Poland, the communist regime tried to eliminate the central social insurance institution in the mid-1950s, but the communist-controlled unions demanded their reinstatement since they could guarantee stability in benefit payments (Inglot 2009: 85). However, as part of the later restorationist policies, all countries reintroduced ministries of welfare, but they were usually reconstructed as part of the Ministry of Labor.

For the Romanian and Bulgarian cases, Cerami and Stanescu (2009: 115) note that pension, healthcare and sickness insurances were not extended to the rural populations until the late 1960s and even then at a lower level of quality.

Benefits continued to be granted according to the occupational status of citizens, but since the entire population was employed in the central planned economy and wage differences were practically non-existent, the Bismarck system of social insurance still in place succeeded in achieving universal aspirations.

**The post-communist (non)-transformation**

Many authors have claimed that the collapse of the communist regimes in Central-Eastern Europe in 1989 (and 1991 in the Soviet Union) represented a “critical juncture” in which governments could introduce new policies that led to path departure (i.e. Vanhuysse 2009: 55). The former Polish Finance Minister Balcerowicz (1995) called the collapse of communist a “window of opportunity” for carrying out “extraordinary politics.” While such assessments may have been true for some types of economic policies, such as privatization and price liberalization, it did not turn out to be so true for most social policies.

The post-communist welfare states have been in “constant flux,” continuing to behave as an “emergency welfare state” (Inglot 2008), while being highly adaptive to the economic fluctuations and political turn-offs which emerged during the communist and post-communist periods. In Western Europe, following a period of welfare retrenchment and neoliberalism that had
taken place since the 1970s, in the 1990s a new epoch arose, in which social investment policy prescriptions became popular (Hemerijck 2013). The post-communist systems, by contrast, seem to be frozen in the “permanent austerity” stage since the early 1990s.

The demands of the economic transformation on competitiveness and growth have shaped the post-communist welfare state. In addition, the post-crisis austerity period has also shaped the post-communist welfare state because of the general imperative to balance the budget imposed through the excessive budget procedure (EBP). At the same time, the economic pressures on pension and healthcare systems emerging from demographic change made it more difficult for these welfare states to reorient themselves towards social investments. The outplacement effect caused by increasing welfare expenditure on old age pensions, healthcare and elder care did not lead to increased investment in family, housing and employment policies. In some countries (e.g. Hungary) these pressures led to an overall deterioration/decay in the level of social support.

Offe (1994) notes that during the first stage of post-communist social policy development, the new democratic governments had to concentrate on the “early stage of emergency measures,” in which policy makers had to quickly introduce measures creating some kind of social safety net and creating unemployment insurances, as many people would surely lose their jobs, while other weak groups (such as pensioners) would have trouble getting by on their incomes. In this area, governments had a relatively free hand to develop policies, as they had no institutional legacies upon which to build. In other areas, such as pensions, healthcare and family care, the governments were much more bounded by previously chosen paths, although, in the case of pensions, internal organizations were eventually able to pressure governments into making reforms.

In most social policy areas, Cerami (2009: 46) is claiming that incremental transformative change took place after 1989 rather than path divergence at a critic juncture. In his words,

The institutional incoherence that resulted from central planning opened up space to the cultivation of a new market-oriented social policy logic in which dormant latent institutions and policies have been both rediscovered and reactivated. This reactivation concerned the re-enforcement of Bismarckian characteristics already present during communism.

This was an obvious institutional choice (Cerami 2010) helping to consolidate the revenue side of the welfare state (see Hemerijck 2013; Kuitto 2016). Compared to other welfare regimes in Europe, these post-communist welfare systems collect much lower social revenue (ranging between 13 and 23 percent of GDP compared to range of 19 to 36 percent in Western Europe) (Kuitto 2016: 101) and rely more heavily on social contributions (between 56 and 75 percent of welfare state revenues) than on tax revenue, especially in Estonia, the Czech Republic, Slovakia and Slovenia.

Besides the usual problems of path divergence, such as the entrenched interests of bureaucracies and increased costs associated with going against these bureaucracies, other problems existed such as the lack of public support for radical welfare reforms and the lack of knowledge of how to reshape social policies. As Inglot (2008: 31) observes,

[T]he new political elites lacked necessary knowledge and expertise in social policy, which made them less prone to experimentation and more dependent on the older cohort of experts and bureaucrats. In addition, government experts quickly realized that a radical overhaul of the welfare state was impossible not only due to institutional legacies, but also because of the deeply engrained and enduring patterns of policy making. These “policy legacies” offered workable and well-tested solutions to lingering social policy problems.
When it comes to welfare attitudes, even if citizens often voted for right-wing parties because they saw it as a guarantee to prevent the communists from returning to power (including reformed post-communist parties that were now wearing social democratic clothing), they were still used to the state being responsible for the welfare of its citizens. Thus, support for generous welfare policies remained high in the post-communist countries (Renwick and Tóka 1998; Saxonberg 2005, 2007). Support for welfare policies was so high that Andreß and Heien (2001) hypothesized that a fourth world of welfare was arising in the post-communist countries. Thus, even though the post-communist political elite was swept away from the neoliberal hegemonic discourse that had been encouraging West European countries to privatize and cut back on welfare spending, citizens of the post-communist countries did not support welfare retrenchment.

Even if no strong relationship existed between welfare attitudes and voting (Saxonberg 2005, 2007), Vanhuysse (2006) argues that the post-communist governments were afraid that radical cut-backs in social programs could lead to waves of protests, which could threaten the stability of the new democracies. Consequently, they devised a policy of “divide and pacify,” in which they pacified the weakest groups by dividing them and giving some of them relatively generous benefits – the most important were early pensions. This strategy of protest avoidance (Vanhuysse 2009: 55) may not win votes, but it at least prevents protests from threatening the stability of the new democratic regimes.

In addition to encouraging early retirement, the post-communist governments also made it easier to receive disability pensions. Thus, from 1989 to 1996 the number of disability pensioners increased by 11 percent in the Czech Republic, 22 percent in Poland and 49 percent in Hungary (Vanhuysse 2006: 88). Cerami and Stanescu (2009: 118) note that the number of people retiring early increased from 316,800 in 1989 to over 3 million in 1995 in Romania and also grew “rapidly” in Bulgaria. Benefit levels also favored pensioners over the unemployed, thus creating a generation gap between the privileged elderly and the less privileged younger workers, who were too young to take early retirement.

However, not all countries followed this strategy of enabling labor market exit. In the Czech Republic, despite his market-liberal ideology, Klaus generally tried to keep unemployment levels low by preventing insolvent firms from going bankrupt rather than by inducing people to leave the labor market (Saxonberg 2003; Sirovátka and Rákoczyová 2009; Vanhuysse 2006).

Despite the dominance of market-liberal ideology during the 1990s, governments still hesitated to make any radical liberal welfare reforms. For example, in Hungary, when the post-communist Socialist Party decided to make the parental leave means-tested, widespread protests broke out, with women shouting “we are still mothers” (Haney 1997). Even though the socialists did not back down, they lost the next elections, the new conservative government reinstated parental leave based on the income replacement principle (but lowered it from 75 to 70 percent) and later socialist governments did not dare tamper with it again (Saxonberg and Sirovátka 2006).

Rather than directly assault the welfare state, post-communist governments have tended to follow a strategy of “neo-liberalism by decay” (Saxonberg and Sirovátka 2009b). This entails letting once-generous policies gradually become more residualist by such methods as not indexing benefits to keep up with inflation or by progressively lowering benefit levels.

Paradoxically, the EU may have directly contributed to the neoliberal imprint on social policies in the region. First, the governments struggled to become competitive during transition to a market economy, which pressured them to decrease taxes and social expenditure in order to keep down labor costs and make their countries more profitable for foreign investment. Second, during the financial crisis of 2008, some countries were hit hard and exposed to the EBP by the
EU, leading to drastic cuts in public spending. In contrast to expectations, the transposition of some labor law and EU social directives standards into national laws did not represent a significant change in employment and social policies. As Falkner and Treib (2008) claim, post-communist countries represent a “world of neglect” regarding compliance with the EU social legislation. Although transposition of legislation may be good, implementation is a problem due to weak institutions and missing mechanisms for enforcing these laws. The Open Method of Coordination was not effective in pushing through the principles opposing neoliberal policies in such areas as employment and social inclusion policies. Rather, it led to a variety of approaches, depending on the degree of misfit between EU and domestic policies, and other factors such as interests and strategies of domestic actors (e.g. Graziano et al. 2011). On the other hand, being members of the EU led to some influence at the national level, by exposing governments to the diffusion of ideas coming from other member states when post-communist countries had sought suitable solutions to their social policy issues (e.g. Kuitto 2016: 34).

Eventually, economic pressures forced the post-communist regimes to abandon somewhat their divide-and-pacify strategy, as it became increasingly untenable to increase pension payments while decreasing the labor force that was paying for the pensions. Thus, in this area the East and Central European governments gave into international pressure and introduced reforms to the pension system.

As Orenstein (2009: 130) points out, the pension reforms came about shortly after the World Bank published *Averting the Old-Age Crisis* in 1994, which recommended introducing a three-tier pension system with a state pension, a mandatory private pension (where employees can choose from among competing funds) and a voluntary supplementary pension. The World Bank actively pushed for this reform by making loans to countries that carried out this reform (Orenstein 2009: 135). He further notes that “Transnational actors have normally formed coalitions with at least one major domestic partner in each country, usually a Minister of Labour or Minister of Finance” (Orenstein 2009: 138).

Actually, the reforms of the pension systems in post-communist welfare states followed the general reform trends. However, they seem to be more radical in the first phase. Later, though, there were often reversals in the pension reforms (when previously implemented reforms were abandoned later or redesigned significantly), which is not common in Western Europe. In the first period of pension reforms (from the mid-1990s to the mid-2000s) governments put great emphasis on defined contribution designs and prefunding. The second period began in 2008. During this period many countries raised their pension ages and reduced the role of prefunded schemes. Access to early retirement became more restricted during both periods (EC 2015; OECD 2015).

During the first period, Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland and Romania added supplementary schemes of fully funded, mandatory private pensions to their public pension systems (between 4 and 8 percent of wages were channeled into the privately funded, defined contribution schemes) while only Slovenia and the Czech Republic did not. Poland and Latvia completely transformed their pension schemes, moving to the National Defined Contribution design. In addition, Estonia and Latvia promoted higher retirement ages.

During the second period, after 2008, the financial crisis pressured most of the CEE countries to make cuts to pension payments, to revise and reverse the expansion of funded schemes, and finally to raise pensionable ages and link them to developments of life expectancy. Direct cuts in pensions took place in Hungary, Lithuania, Latvia, Romania and Slovenia, and indexation changes (temporary or permanent) in Bulgaria, the Czech Republic, Hungary, Latvia, Romania and Slovenia. The share of social contributions transferred to mandatory privately managed pension funds was reduced to between 1 and 4 percent and the previous contributions allowed...
to return to the PAYG public pillar (in Poland it was re-shifted by default/automatically). In Hungary the mandatory private scheme was abolished in 2011. Slovakia transformed these private mandatory schemes into voluntary ones. In the Czech Republic there was an attempt to establish a voluntary (private) funded pillar in 2013 by a centre-right government, but a social-democratic-led government abolished this possibility in 2016. Estonia, Latvia and Romania, by contrast, have continued the multi-pillar model introduced in the past. In all countries the pension age was raised, typically to 65 (by 2020 or after), and to 67 in the Czech Republic and Poland, although Slovakia only increased it to 62+.

When it comes to family policies, to a large extent the post-communist countries continued the policies from the communist era, indicating that path dependency has been an important factor in determining family policy in these countries. The Czech Republic, Slovakia, Hungary and Poland all basically have the same kinds of parental leave schemes as under communist rule, based on a combination of insurance-based maternity leave and less generous parental leave, although some changes were made in child allowances; for example, they became means-tested in the Czech Republic (Saxonberg and Sirovátka, 2006).

Poland has a more residualist system with a shorter maternity leave of four months and means-tested parental leave benefits for the remaining period until a child reaches the age of 3. In Slovakia, the country continues to have a six-month maternity leave followed by a flat-rate benefit until the child reaches the age of 3. As noted above, Hungary has also continued to have insurance-based parental leave (but it has been slightly lowered). This leave continues to be for two years, but a three-year flat-rate leave has also continued to exist since the 1960s. The Czech Republic is a slight exception in that it added a fourth year of possible parental leave and then later introduced a three-track system that pays more per month if one takes a two-year leave than a three-year leave, and the least per month if one takes a four-year leave (but the total payment is about the same; Saxonberg and Sirovátka 2009a). However, all four countries succumbed to EU pressure and opened up the leave benefits for fathers.

In the area of childcare, access to kindergartens for pre-school children over the age of 3 remains also around the same as under the communist era, at nearly 90 percent for the Czech Republic, Hungary and Slovakia, while Polish rates continued to be only around half that amount (Saxonberg and Sirovátka 2006). The one really important change is that most of the nurseries for children under the age of 3 have been closed in the Czech Republic, Poland and Slovakia, although Hungary has managed to keep attendance rates at only a few percentage points lower than in 1989. This has made it much more difficult for women to balance work and family life, as they are pressured into leaving the labor force for three years when they have a child, given the lack of affordable childcare and given the fact that the parental leave schemes do not encourage fathers to share in the parental leave time.

Nevertheless, despite these changes that reinforce traditional gender roles in which women are the sole carers, it should be emphasized that the trend towards “refamilialization” (Hantrais 2004) had started already in the 1960s, when the communist regimes introduced extended maternity leaves and thereby gave the family greater responsibility for raising children. The new emphasis on refamilialization emerged – with few exceptions – on family informal childcare until 3 years of age and family elder care, while the main difference among post-communist countries is the amount of the financial support provided to family carers.

However, more recent analyses show that there are important differences among the post-communist countries in the area of family policy, despite the fact that all the countries have policies that are to some extent “genderizing” in that they encourage mothers to leave the labor market for some period when they have children and do not do much to encourage fathers to share in parental leave. Saxonberg (2013) categorizes family policies according to the degree in
which they support separate gender roles (either explicitly or implicitly) or support the elimination of gender roles (which he terms “genderizing policies”). Explicitly genderizing policies support separate gender roles by encouraging mothers to stay at home with their children for long periods via long paid maternity leaves and a lack of support for daycare for children under the age of 3, while implicitly genderizing policies induce mothers to stay at home with the children by failing to support those mothers (i.e. by not providing parental leave or only providing short ones and by not supporting access to daycare).

The Czech Republic and Slovakia have explicitly genderizing policies that combine long maternity leaves and flat-rate parental leaves with extremely low support for daycare for children under the age of 3 (but rather generous support for children aged 3 to 6). The low flat-rate leaves for children up to 3 years of age in Slovakia and 4 years in the Czech Republic discourage fathers from going on leave, because, given the fact that fathers usually earn higher incomes than mothers, the family stands to lose more if the father goes on leave. The absence of father quotas further hinders fathers from sharing in the leave time, since fathers who want to go on leave face cultural barriers and risks of being criticized for not being “ambitious.”

At the other extreme, until recently, Poland has had very implicitly genderizing policies which combined a less generous maternity leave (only four months compared to six months in the Czech Republic, Slovakia and Hungary) with means-tested parental leave and much less support for daycare for children aged 3 to 6 than in the other CEE countries. However, in 2013 the government introduced a reform in the parental leave system, giving mothers a six-month maternity leave and adding a six-month parental leave. The leave system is complicated, as the mother can choose between either 12 months at 80 percent or 6 months at 100 percent and the next 6 months at 60 percent. Thus, if the mother chooses the second variant and the parental leave is only six months, then the father has much less incentive to share in the leave. In addition, the father has no right to the leave, but rather needs the mother’s consent and can only receive the 60 or 80 percent rate if the mother is herself entitled to it by having worked before her pregnancy.

Hungary has a mixed system with somewhat degenderizing parental leave policies and explicitly genderizing daycare policies. After providing a 6-month maternity leave that pays 70 percent of the previous salary, it pays the same rate for parental leave until the child is 2 years old. This rate is more generous than in most post-communist countries, which gives fathers some incentive to share in the leave time. However, it also has a three-year flat-rate leave that encourages mothers to stay at home for long periods (parents may use the two-year leave based on the income replacement principle and then use the flat-rate leave for the third year, while parents on a low income are more likely to use the flat-rate leave for the entire period). Meanwhile, similar to the Czech Republic and Slovakia, the country provides much less support for daycare for children under the age of 3 than in most West European countries, although most children aged 3 to 6 attend public kindergartens. Latvia and Estonia also have rather explicitly genderizing family policies that combine long flat-rate parental leaves with reduced formal childcare coverage, and a lack of incentives for fathers to share a portion of parental leave.

Slovenia and Lithuania have relatively degenderizing policies in that they support continuous women’s employment through daycare provision and they encourage fathers to share in parental leaves by providing high earnings replacement rates for considerable periods; however, neither country has father quotas to support fathers to go on leave when facing possible opposition from their employees and colleagues. Bulgaria and Romania have introduced several types of parental leave arrangements; however, in contrast to Slovenia and Lithuania, they provide low support to childcare for 0- to 2-year-old children.3

Recently, there has been a trend to make policies somewhat more degenderizing. Since 2011, for example, Poland has directed significant resources with substantial EU assistance to
Central and Eastern Europe

childcare facilities and education: full-time facilities expanded four times during 2009 to 2014, and kindergarten enrollments jumped to 80 percent for children aged 4 to 5. As already noted, the parental leave reform from 2013 gives fathers greater incentive to share in parental leave time (Inglot 2016). In Hungary, the conservative Orbán cabinet declared that family policies should be detached from social policies and instead be aimed at boosting fertility rates among “working families,” and introduced a generous tax credit system providing increased financial support for better-off families (Szikra 2014).

Labour market policies and social safety nets represent new policy areas in post-communist countries least affected by the legacy of the past. For this reason they seem to be very much influenced by neoliberal policies, and prone to political experimentation.

Employment regulations and active labor market policies in the post-communist countries represent an undervalued policy area. The “employment regimes” distinguished by Gallie (2007, 2013) mirror the three traditional welfare regime types: inclusive (where both collective bargaining coverage and union density are high4), dualistic (high coverage, low union density), and liberal (low coverage and density). Nordic countries fall into the inclusive regime, continental and South European countries into the dualistic regime and post-communist countries are associated with the liberal regime. Slovenia is an exception which clusters with the dualistic regime.5

Labor market policy patterns greatly correspond to the above clusters; there is however, more variation there. The post-communist cluster has been called a “transition regime,” unique by combination of very low effort in active labour market policies (0.4 percent of GDP expenditure in average) and very low coverage of the unemployed by unemployment benefits (less than 25 percent of the unemployed on average),6 which is due to the short duration of benefits and strict eligibility conditions. Although replacement rates of unemployment benefits are not much lower than in the other regimes, in contrast, replacement rates of social assistance benefits are considerably lower, similar to those found in South European regimes (Gallie 2013). For similar findings regarding active labor market policies compare de la Porte and Jacobsson (2012).

While active labor market policies are not well developed in the CEE post-communist countries, their policies place a strong emphasis on employment enforcement and labor flexibility, with use of workfare measures. Although the trend towards workfare has also occurred elsewhere in Europe since the 1990s (Clasen and Clegg 2011; Lødemel and Moreira 2015), in some post-communist countries it went quite far. Slovakia implemented a workfare scheme of public service “activation” jobs during the 2000s, obliging the unemployed to work in return for a certain level of social assistance benefits, without providing them with a guarantee that municipalities offer enough of such opportunities. In the Czech Republic, a similar measure emerged with a public service program implemented in 2009 and later expanded by law to all unemployed after two months of unemployment, thus hindering their rights to unemployment benefits. In 2011, the Constitutional Court canceled such an obligation as not compatible with the Human Rights Charter (Sirovátka 2016). In Hungary, the government declared a plan to establish a workfare society in 2012 (Szikra 2014), and denied any form of social assistance to the able-bodied. The government created a “public works minimum wage” (paying only 70 percent of the minimum wage), but municipalities were not obliged to organize public works for all the unemployed in their area.

The social safety nets (social assistance schemes) implemented in the 1990s were at first relatively generous in some countries. However, these countries soon adopted a rather neoliberal approach: first, by lowering the real and relative subsistence levels; and second, by increasing conditionality of access. No regular automatic adjustment of the social assistance benefits levels exists in Slovakia and Estonia; it was also abandoned in the Czech Republic in 2009. Actually,
the development of social assistance benefits diverged during the 1990s and 2000s from the trend observed in the other regimes in Europe (Wang and Vliet 2016). The replacement rates decreased on average (when looking at the Czech Republic, Estonia, Hungary, Poland and Slovakia) from 56 percent in 1995 to 34 percent in 2009, while they were about 40 percent in Anglo-Saxon countries, 45 percent in continental countries and 47 percent in Nordic countries and 50 percent in Southern European countries; Estonia, Slovakia and the Czech Republic had the lowest replacement levels. Increasing conditionality was another trend, very closely associated with workfare obligations (public service duty), extensively implemented in the 2000s. In Slovakia and the Czech Republic the level of SA benefit was considerably lower in cases of non-participation in public service.

All in all, the impacts of the post-communist welfare states upon income inequalities seem to vary. In some countries with more developed welfare states like Slovenia, the Czech Republic and Hungary, they are similar to the EU countries: social transfers reduce pre-transfer Gini value by 0.20 points or even more. In most countries, where welfare states are less developed (e.g. Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania and Slovakia), the effects are less pronounced: between 0.14 to 0.17 points reduction of poverty. This means that income inequalities are larger in most post-communist countries than the EU average while pre-transfer income inequalities are relatively similar.

Conclusions

The above overview shows that although the exact welfare mixes differ among countries, the post-communist countries all seem to have developed hybrid models that combine conservative Bismarckian legacies from the pre-communist era, communist-era policies (that combined certain aspects of conservatism, liberalism and universalism) and tendencies towards neoliberal residualist reforms. Despite great differences in some policy areas, all the countries discussed here built upon social insurance schemes and healthcare policies that come closer to the Bismarckian model than to the American liberal one; they have also maintained family policies that largely encourage separate gender roles (although the Hungarian model gives greater encouragement for fathers to share parental leaves since they are insurance-based); and they have all allowed benefit levels to decay and become more residualist over time.

Even though the welfare mixes have moved in an increasingly residualist direction, the differences are still too great among countries to expect some kind of convergence.

On the whole, the level of welfare state expenditure in post-communist countries is lower on average when compared to the other European countries (except Ireland) and remained similar even in 2012 when compared to the years before the crisis. The increasing needs for compensation and the impacts of the crisis and challenges of population aging were counter-balanced by decreasing generosity and access to welfare provisions (cf. Hemerijck 2013; Kuitto 2016). The profile of welfare effort in the post-communist countries – measured by social expenditure – continues in the tradition of conservative Bismarckian welfare states, although at the lower level of spending. In particular, economically less developed countries like Latvia, Lithuania, Bulgaria, Romania, Poland and Slovakia exhibit the spending profile with a high emphasis on old-age benefits and healthcare services, while Slovenia, the Czech Republic and Hungary invest more into working-age benefits and slightly more into social services (compare Kuitto 2016). Such a configuration gives a strong indication of the (modest) Bismarckian type of welfare model, combined with universalist and also liberal policies. This pattern seems to be based (similar to a state-socialist model) on the idea of full employment.
Notes
1 This study was written with the support of the Czech Grant Agency (Grant 21263S, “Welfare Attitudes in Post-Crisis Europe”).
2 This confirms the assumption of structural asymmetry between economic and social protection interests of the EU (e.g. Scharpf 2002) and supremacy of the EU’s economic policies over social policies (Barbier et al. 2015).
4 Coverage indicates scope of collective bargaining while density indicates intensity of bargaining.
5 Collective bargaining is generally marginal in these post-communist countries due to low levels of trust in trade unions which discredited themselves when they collaborated with the communist regime in the past (e.g. Vanhuyse 2007).
6 Data comes from the years 2007 to 2009.
7 In consequence of this, poverty risk in low work-intensity households is high in CEE post-communist countries, while the effectiveness of social assistance or other schemes in poverty reduction is very low (Bradshaw and Huby 2014).
8 We indicate them by change in Gini coefficient measured both before and after social transfers, based on data from the Eurostat database (2015).
9 The low level of income inequality in Slovenia, the Czech Republic and Slovakia is mainly due to the extremely low pre-transfer income inequalities in these countries.

References


Offe, Claus (1994) *Der Tunnel am Ende des Lichts: Erkundungen der politischen Transformation im Neuen Osten* (Frankfurt am Main: Campus Verlag).


