

# **Social policy in post-communist Europe: a political sociology perspective**

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# Introducing a new order

'There is nothing more difficult to execute, nor more dubious of success, nor more dangerous to administer than to introduce a new order of things; for he who introduces it has all those who profit from the old order as his enemies, and he has only lukewarm allies in all those who might profit from the new.'

Niccolò Machiavelli,  
*The Prince*, Chapter VI

# Emerging political economy models :

## *3 varieties of democratic capitalism in post-communist Europe*

1. *a neo-liberal* model in the Baltic states
2. an (ad hoc) *social liberal* model in the Visegrád-4
3. *a neo-corporatist* model in Slovenia.

## Industrial transformation & government size: 3 CEE models

	Growth of industrial output, 1992-2003 (%)	Government balance, 2000-2003 (% of GDP)	Government debt, 2003 (% of GDP)	Government expenditure, 2000-2003 (% of GDP)
<b><u>1. Baltic neo-liberalism</u></b>				
Estonia	0,5	+2,3	5,3	35,5
Latvia	-2,0	-2,1	13,4	35,7
Lithuania	-3,1	-2,1	21,9	31,7
<b>average</b>	<b>-1,5</b>	<b>-0,6</b>	<b>13,5</b>	<b>34,3</b>
<b><u>2. Visegrad social liberalism</u></b>				
Czech Republic	3,1	-7,2	38,8	42,4
Hungary	6,5	-5,4	57,4	49,8
Poland	6,4	-3,4	45,3	42,9
Slovak Republic	2,5	-6,9	42,6	50,4
<b>average</b>	<b>4,6</b>	<b>-5,7</b>	<b>45,9</b>	<b>46,4</b>
<b><u>3. Slovenian neo-corporatism</u></b>				
Slovenia	<b>1,0</b>	<b>-2,6</b>	<b>29,3</b>	<b>48,1</b>

Sources: Bohle and Greskovits (2007)

## Social spending effort: 3 CEE models

	Total expenditure on social protection, 2000-2004 (% of GDP)	Per capita total expenditure on social protection, 2000-2003 (euro PPS)	Spending on passive & active labor market policies, late 1990s (% of GDP)	Collective bargaining coverage rate, early 2000s (% of employed)
<b><u>1. Baltic neo-liberalism</u></b>				
Estonia	13,6	1300	0,16	21-30
Latvia	14,2	1120	-	11-20
Lithuania	14,5	1264	-	11-20
<b>Average</b>	<b>14,1</b>	<b>1228</b>		<b>14-23</b>
<b><u>2. Visegrad social liberalism</u></b>				
Czech Republic	19,8	2752	0,50	21-30
Hungary	20,4	2439	0,96	31-40
Poland	21,3	2020	2,20	41-50
Slovak Republic	19,1	1982	1,10	41-50
<b>Average</b>	<b>20,1</b>	<b>2298</b>	<b>1,19</b>	<b>34-43</b>
<b><u>3. Slovenian neo-corporatism</u></b>				
Slovenia	25,0	3920	1,72	91-100

Sources: Bohle and Greskovits (2007)

## Social spending effort:

### Visegrad social liberalism v. 3 Western models

Average public social expenditures on selected programs (% of GDP), Eastern and Western welfare states, 1999-2003

	<i>Unemployment benefits</i>	<i>Family benefits</i>	<i>Survivors and old age pensions</i>	<b>Total social spending</b>
<b><u>Visegrad social liberalism</u></b>				
<i>Hungary</i>	0.6	3.3	11.4	21.5
<i>Poland</i>	0.8	1.5	8.3	22.3
<i>Czech R</i>	0.6	2.0	8.0	20.6
<i>Slovak R</i>	0.5	2.0	6.7	18
			<b><i>Cuba: 6.5</i></b>	<b><i>Cuba: 31</i></b>
<b><u>3 Worlds of Western Welfare</u></b>				
<i>Sweden</i>	1.3	3.4	10.2	30
<i>Germany</i>	1.6	1.9	11.4	26.6
<i>UK</i>	0.4	2.7	6.0	19.8
<b><u>OECD</u></b>	1.0	2.0	7.5	20

Source: Own computations from OECD (2007) [Social Expenditures Database 1980-2003](#). Dataset: Social Expenditure: Aggregated data (Extracted on 2008/02/09 from OECD.Stat)

# Social spending need: unemployment

Table 9. Unemployment rates

Country	(Percentage of labour force)						
	1990	1992	1993	1996	1999	2002	2003
Czech Republic	0.7	2.6	3.5	3.5	9.4	9.8	10.3
Estonia	..	1.6	5.0	5.6	6.7	6.8	6.1
Hungary	1.7	12.3	12.1	10.5	9.6	8.0	8.4
Latvia	..	2.3	5.8	7.2	9.1	8.5	8.6
Lithuania	..	3.5	3.4	6.2	10.0	10.9	9.8
Poland	6.5	14.3	16.4	13.2	13.1	20.0	20.0
Slovakia	1.6	10.4	14.4	12.8	19.2	17.4	15.6
Slovenia	..	13.3	15.5	14.4	13.0	11.3	11.0
CEE 8	4.4	10.6	12.4	10.6	12.1	15.4	15.3
EU 15 <i>Cuba: 1.8</i>	7.3	8.7	10.0	10.2	8.7	7.7	8.1

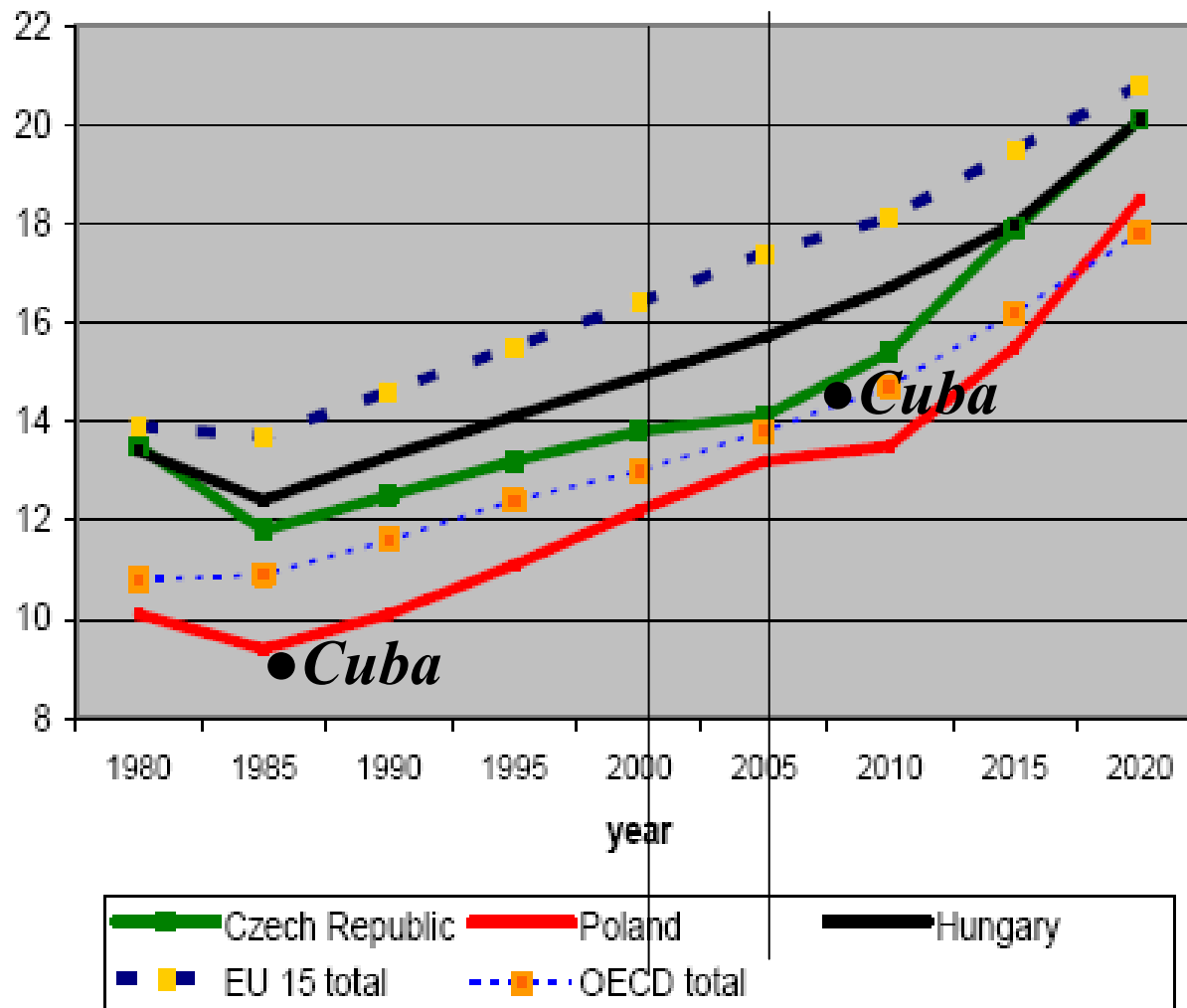
Note: Figures for Estonia are only job seekers until 1999.

Sources: Registered unemployment rates for CEE 8 from the UN ECE *Economic Survey of Europe* 2004, n. 2, p. 85;

Standardized unemployment rates for the EU-15 from UN ECE *Economic Survey of Europe* 2005, n. 1, p. 126.

Source: Kornai 2006 231.

# Social spending need: Population share of 65plussers



Source: Own computations from OECD (2007) [Social Expenditures Database 1980-2003](#). Dataset: Social Expenditure: Aggregated data (Extracted on 2008/02/09 from OECD.Stat)

**Social justice,  
or pacifying  
politics?**

Pieter Vanhuysse

# **DIVIDE and PACIFY**

Strategic Social Policies and Political  
Protests in Post-Communist Democracies



**With a Foreword by János Kornai**

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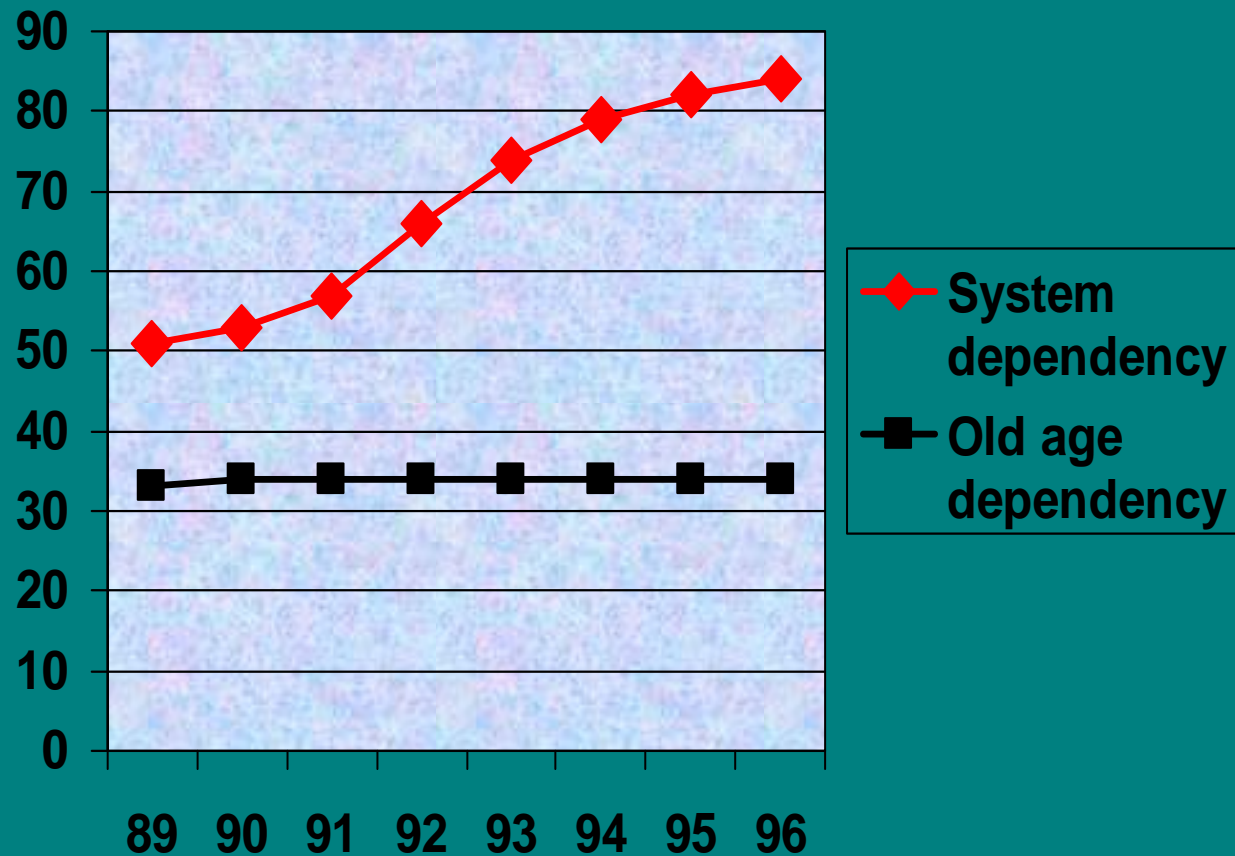
# Social justice, or pacifying politics?

Early post-communist social policies:  
Splitting up threatened workers,  
then spending more on pensioners, and less on younger age groups

Period 0 (communism)	Period 1 (transition)
Workers	Working workers Unemployed workers
Pensioners	Normal pensioners <u>Abnormal</u> pensioners

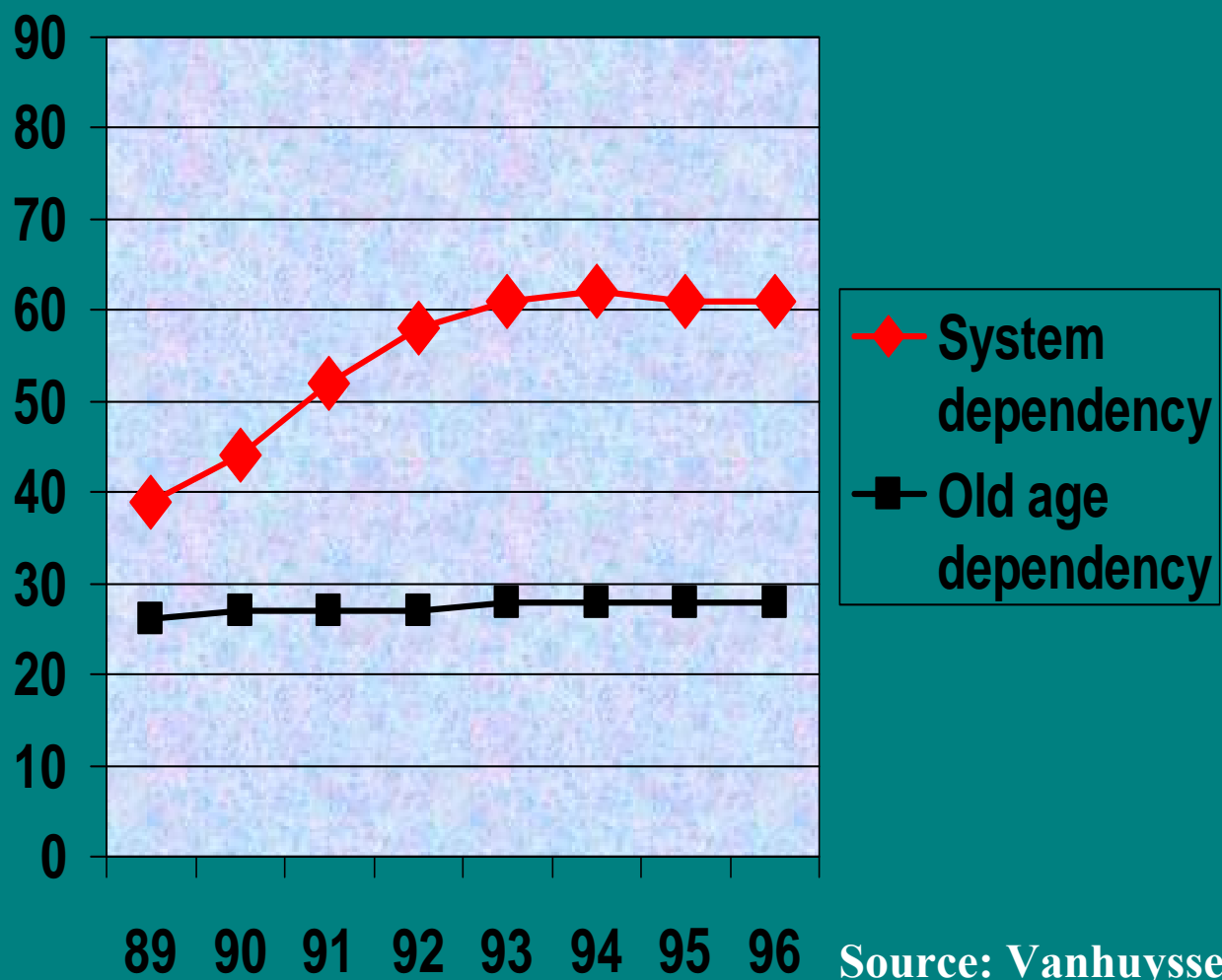
Source: Vanhuyse (2006), *Divide and Pacify*

# *Worsening pensioner-worker imbalances, Hungary*



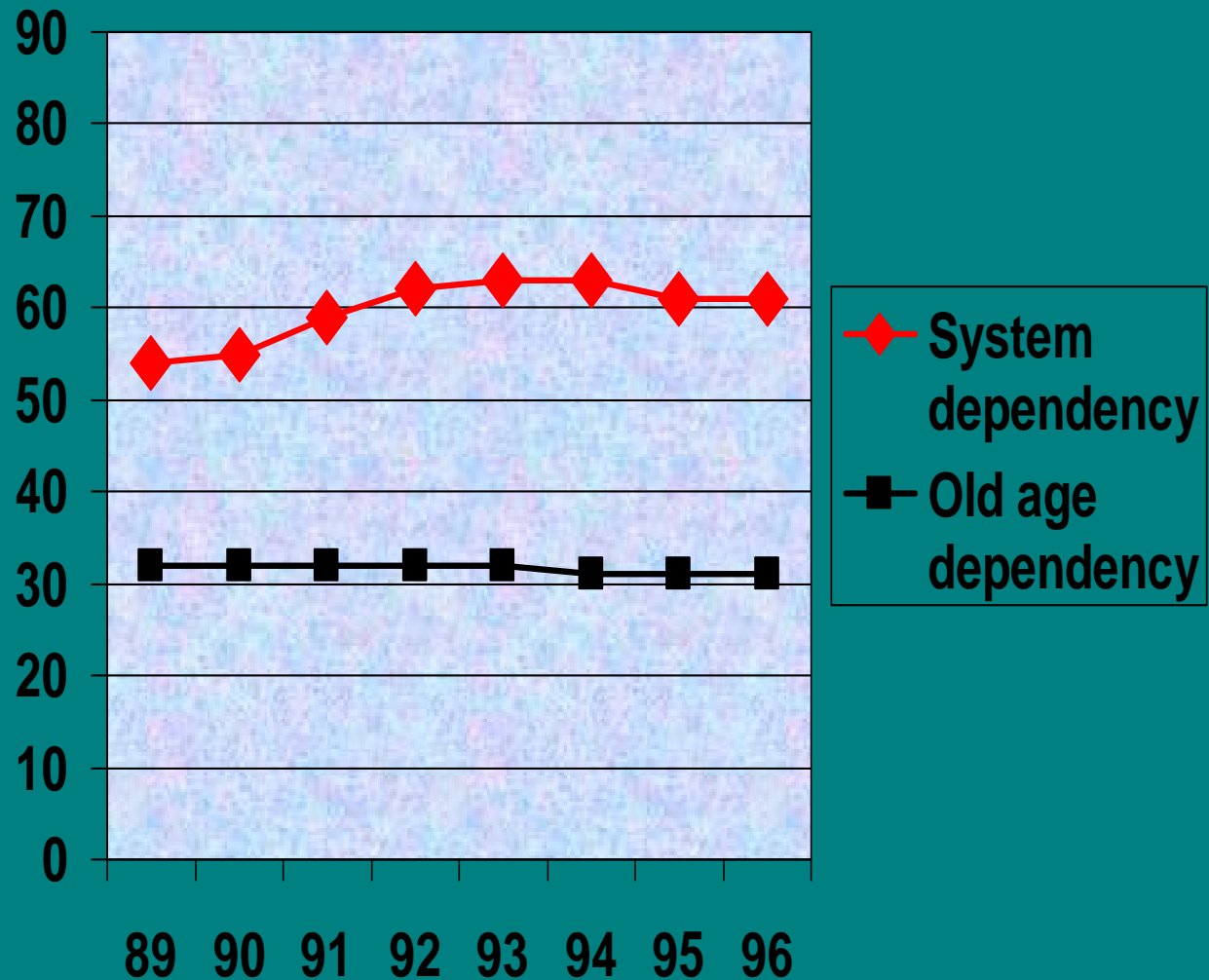
Source: Vanhuyse (2006), *Divide and Pacify*

## *Worsening pensioner-worker imbalances, Poland*



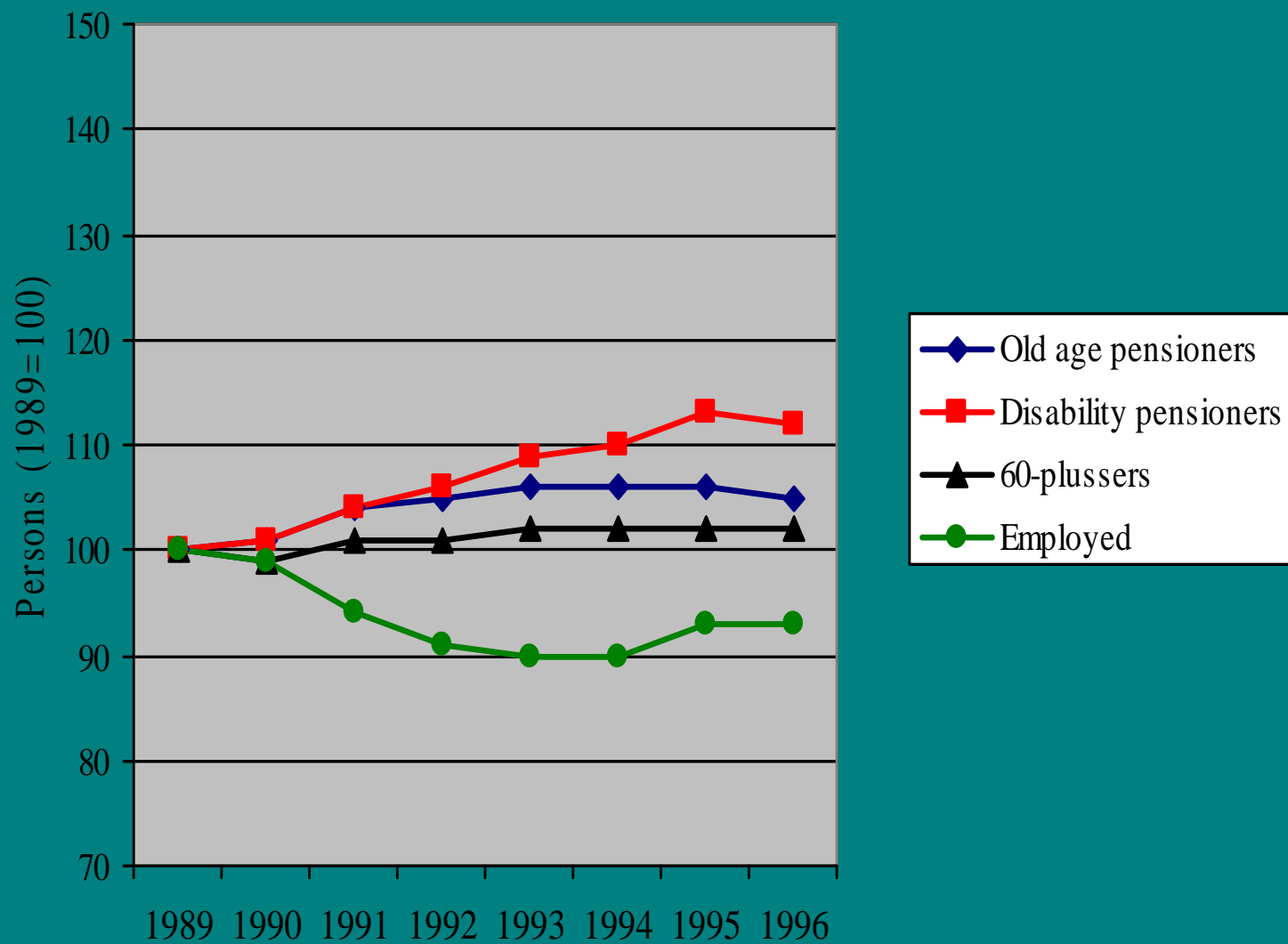
Source: Vanhuyse (2006), *Divide and Pacify*

# *Stable pensioner-worker imbalances, Czech R*



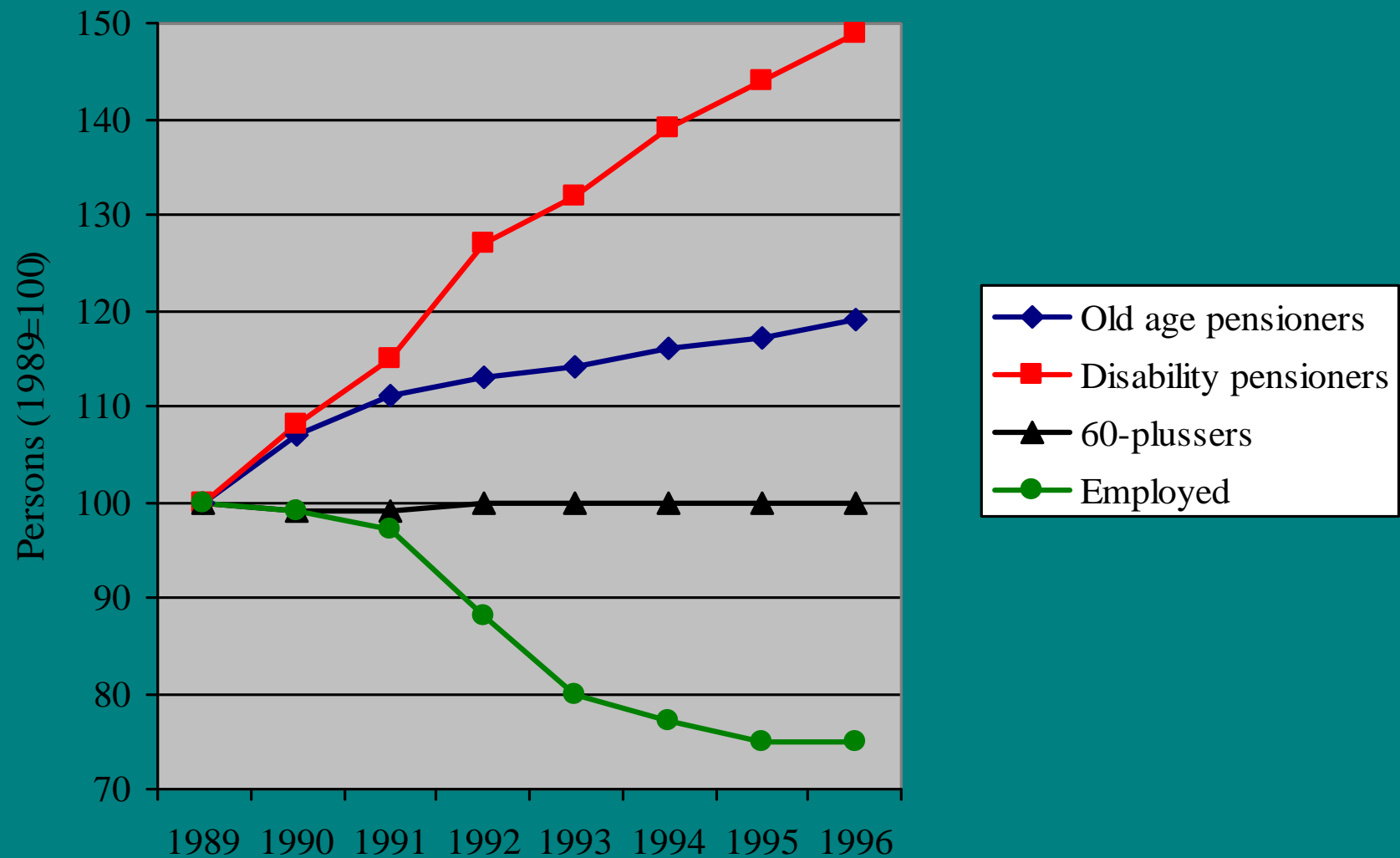
Source: Vanhuyse (2006), *Divide and Pacify*

# Czech R: unemployment prevention



Source: Vanhuyse (2006), *Divide and Pacify*

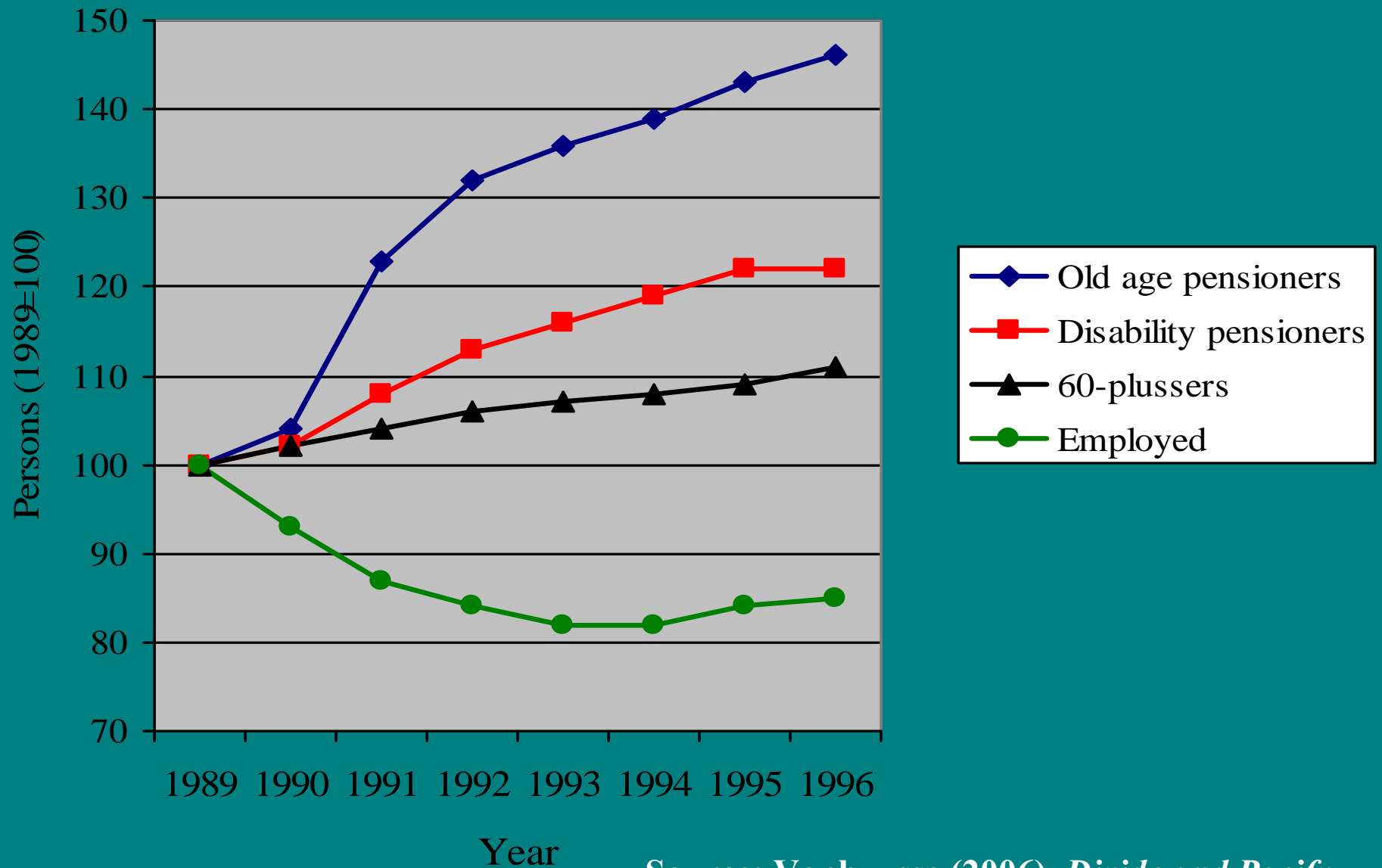
# Hungary: abnormal pensioner booms



Year

Source: Vanhuyse (2006), *Divide and Pacify*

# Poland: abnormal pensioner booms



Source: Vanhuyse (2006), *Divide and Pacify*

# Costly social spending for *some* groups

(or: *There is No Such Thing as a Free Lunch, but Buying Lunch Makes You Run Faster*)

- Elderly workers losers *not* deeply impoverished *but* sentenced to “silent voice”: low levels of mass violence, strikes and protests
- But fast progress in ec. reforms & dem. consolidation: outstanding success stories in a highly heterogeneous sample of post-communist transitions cases

## Disillusioned democrats?

- High levels of anti-incumbency voting; political apathy, and illiberal party support

Source: Vanhuyse (2006), *Divide and Pacify*

# Pitfalls of social generosity

“And so, if a prince wants to maintain his reputation for generosity among men, it is necessary for him not to neglect any means of lavish display; in so doing such a prince will always use up all his resources and he will be obliged, eventually, if he wishes to maintain his reputation for generosity, to burden the people with excessive taxes and to do everything possible to raise funds. This will begin to make him hateful to his subjects, and, becoming impoverished, he will not be much esteemed by anyone; so that, as a consequence of his generosity, having offended many and rewarded few, he will feel the effects of any slight unrest and will be ruined at the first sight of danger.”

Niccollo Macchiavelli, *The Prince*, Chapter XVI