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Short description

By explaining the path of extrication from state socialism, this book clarifies the patterns of the welfare state's transformation in Central and Eastern Europe, at the national and EU level. It identifies the emergence of a peculiar Eastern European welfare regime through the fusion of pre-communist (Bismarck social insurance), communist (universalism, corporatism and egalitarianism) and post-communist features (market-based schemes). The author concludes by reflecting on how Eastern welfare states will fit in the future EU welfare regime.

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List of Abbreviations

CAP	Common Agricultural Policy
CEE	Central and Eastern Europe
CEE Rs	Central and Eastern European respondents
CEECs	Central and Eastern European countries
DG	Directorate General (European Commission)
EBRD	European Bank for Reconstruction and Development
ECJ	European Court of Justice
EU	European Union
GATS	General Agreements on Trade in Services
ICCs	International Consultancy Companies and
ILO	International Labour Organization
IMF	International Monetary Fund
INGOs	International Non-Governmental Organizations
ISPA	Instrument for Structural Policies for Pre-Accession
ISSP	International Social Survey Programme
LIS	Luxembourg Income Study
MSL	Minimum Subsistence Level
NDC	Notional Defined Contribution
OECD	Organisation for Economic Cooperation and Development
PAYG	Pay-As-You-Go
PHARE	Poland and Hungary: Aid for the Restructuring of Econo- mies
SAPARD	Special Accession Programme for Agriculture and Rural Development
TAIEX	Technical Assistance Information Exchange Office
TRIPS	Agreement on Trade-Related Aspects of Intellectual Prop- erty
UN	United Nations
USAID	US Agency for International Development
WE Rs	Western European respondents
WHO	World Health Organization
WTO	World Trade Organization

List of Parties

ANO	New Civic Alliance (Slovak Republic)
AWSP	Solidarity Electoral Alliance of the Right (Poland)
BSP	Bulgarian Socialist Party
CDR	Democratic Convention of Romania
CF	Civic Forum (Czechoslovakia)
ČSSD	Czech Social Democratic Party
DeSUS	Democratic Party of Retired People of Slovenia
DP	Democratic Party (Romania)
DP	Labour Party (Romania)
DPS	Democratic Party Saimnieks (Latvia)
DPS	Movement for Rights and Freedom (Bulgaria)
DS	Democratic Party (Slovak Republic)
DU	Democratic Union (Slovak Republic)
ER	Estonian Reform Party
FIDESZ	Alliance of Young Democrats (Hungary)
FKGP	Independent Smallholders Party (Hungary)
FSN	National Salvation Front (Romania)
HZDS	Movement for a Democratic Slovakia
IL	Fatherland Union (Estonia)
JL	New Era (Latvia)
K	Centre Party (Estonia)
KB	Coalition for Bulgaria
KDH	Christian Democratic Movement (Slovak Republic)
KDNP	Christian Democratic People's Party (Hungary)
KDU-CSL	Christian and Democratic Union – Czechoslovak People's Party (Czech Republic)
LC	Latvia's Way
LCS	Lithuanian Centre Union
LDDP	Democratic Labour Party of Lithuania
LDS	Liberal Democracy of Slovenia
LKDP	Lithuanian Christian Democratic Party
LNNK	Latvian National Independence Movement
LPP	First Party (Latvia)
LPR	League of Polish Families
LSDP	Lithuanian Social Democratic Party (Lithuania)
LSP	Latvian Socialist Party
LTF	Latvian People's Front
LVL	Lithuanian Peasant Nationalists
LZS	Latvian Peasants Union
M	People's Party Moderates (Estonia)
MDF	Hungarian Democratic Forum

MSZP	Hungarian Socialist Party
NDSV	National Movement of Simeon II (Bulgaria)
NS	New Union (Lithuania)
NS	People's Union (Bulgaria)
NSI	New Slovenia - Christian People's Party
ODS	Civic Democratic Party (Czech Republic)
PC	the Conservative Party (Romania)
PDSR	Social Democracy Party of Romania
PiS	Law and Justice (Poland)
PNL	National Liberal Party (Romania)
PRM	Party of Great Romania
PSL	Polish People's Party
RP	Union for the Republic -Res Publica- (Estonia)
SDP	Slovenian Democratic Party
SDS	Social Democratic Party of Slovenia
SDS	Union of Democratic Forces (Bulgaria)
SDSS	Social Democratic Party of Slovakia
SKD	Slovenian Christian Democrats
SKDU	Slovak Democratic and Christian Union
SLD	Democratic Left Alliance (Poland)
SLS	Slovenian People's Party
SMER	Direction - Social Democracy (Slovakia)
SMK	Party of the Hungarian Coalition (Slovak Republic)
SNS	Slovak National Party
SO	Self-Defense of the Republic of Poland
SZDSZ	Union of Free Democrats (Hungary)
SZS	Green Party of Slovakia
TB/LNNK	Fatherland and Freedom (Latvia)
TKL	Peoples' Movement (Latvia)
TP	People's Party (Latvia)
TS	Fatherland Union (Lithuania)
TSP	People's Harmony Party (Latvia)
UDMR	Democratic Alliance of Hungarians in Romania (Romania)
UP	Labour Union (Poland)
US-DEU	Freedom Union - Democratic Union (Czech Republic)
UW	Union for Freedom (Poland)
VPN	Public against Violence (Czechoslovakia)
ZLSD	United List of Social Democrats (Slovenia)
ZRS	Union of Slovak Workers
ZZS	Green and Farmers Union (Latvia)

Introduction

A Brief Overview of East Central Europe

“Central and Eastern Europe seems easier to define by what is not, than by what it is. It is an area without clear geographical borders, stretching from the Baltic Sea southwards to the Adriatic and south-eastward to the Black Sea. In the north, it comprises part of the Great European Plain which extends to west across north Germany into the Low Countries and to the east deep into Russia. In the centre is the upland plateau of Bohemia-Moravia, and the Danube Basin spreading out between the Alps and the Carpathian Mountains. Further south still is the mountainous, often remote and inaccessible region of the Balkans, and to the south-east the land stretches away into the steppes of Ukraine. These are sometimes called the “Lands in Between”: in between Russia and Germany, Europe and Asia, East and West. This is frontier country, part of Europe, but on the edge of it and not fully integrated with it.” (Batt 1998, p. 1; Batt 2003).

As Judy Batt has correctly outlined, Central and Eastern Europe is easier to define by what it is not, than by what it is. This is, of course, not only a problem of geographical location. Although Central and Eastern Europe is a frontier region, it is also something more. It is a conglomerate of populations with different historical backgrounds, different religions and different languages. In the late nineteenth century, for instance, the Czechs, the Hungarians, the Slovaks and the Slovenes were ruled by the Austro-Hungarian monarchy; the Estonians, the Latvians, the Lithuanians were subjected to Tsarist Russia, while the Bulgarians were part of the Ottoman Empire. The situation becomes even more complicated if we consider the Poles and the Romanians, who were divided respectively between the Austro-Hungarian and the Tsarist monarchy and between the Austro-Hungarian and the Ottoman Empire (see Batt 1998, Table 1.1).

As far as the religious orientation is concerned, the Poles, the Slovaks, the Lithuanians and the Slovenes are mainly Catholic; the Czechs and the Hungarians are Catholic, but have also significant Protestant minorities; the Latvians and Estonians are for the majority Protestants, while the Bulgarians are for the most part Orthodox. Also the languages differ significantly. Bulgarian, Czech, Latvian, Lithuanian, Romanian, Polish, Slovak and Slovene languages are part of the Indo-European group, while Estonian and Hungarian are not. More specifically, Bulgarian, Czech, Polish, Slovak and Slovene

are Slavonic languages. Latvian and Lithuanian are part of the Baltic group. Romanian is latin-based, while Estonian and Hungarian are closely related to Finnish (see Batt 1998, Table 1.2 and Table 1.3; Batt 2003, Table 1.1 and 1.2).

In studying Central and Eastern European politics, one cannot be surprised, to discover how foreign influences have shaped the history of this region. The change of territorial borders is perhaps the most emblematic example and reveals how the national identities and aspirations of these populations have systematically been subjected to political decisions made by foreign, more influential nations. As Rupnik (1994, pp.98-9) cites:

“Eastern and Central and European borders are relatively new and they do not coincide with ethnolinguistic dividing lines. Less than a quarter of them predate the nineteenth century, about a quarter had been established around the time of World War I (1910-1922), and about one-third emerged in the aftermath of World War II. [...] No less important, however, is the fact that the overwhelming majority of these borders had been established at post-war international conferences rather than by bilateral agreements (only 18 per cent) and thus were often perceived as having being imposed by the Great Powers”.

Freedom and stability for these nations seems to have been arrived at only after the fall of the Berlin Wall, but their consolidation is still an open question. In fact, if, on the one hand, it is possible to prove that most of territorial disputes have immediately been regulated after the collapse of communism (leaving in most cases, however, the situation almost unchanged, such as the territorial issue of Transylvania between Hungary and Romania, the borders between Poland and Germany or the question of the property claims of the *Sudeten Germans* in the Czech Republic), then numerous other problems still remain unanswered. For example, the improvement of the countries' economic performance or the consolidation of democratic institutions are still unsolved issues.

Unquestionably, these remain all crucial questions that regard not only the Eastern European region, but also the European continent as a whole. Several times, indeed, Eastern and Western politicians have called attention to the unrepeatable necessity to enlarge the European Community in the

fastest possible way. Numerous variations of the same concept have been provided. Close to the undiplomatic dream to create a bigger and stronger Europe, capable of dealing with the two main superpowers from a position of parity, the inclusion of these countries has often been addressed as a new and historic opportunity: a train, which simply could not be missed. Others have recalled the notion of a “return to the past”, in which Europe had the possibility to start again in the ruins of World War II, leaving behind forty years of the Iron Curtain. According to this point of view, the last wave of the EU enlargement represented, in reality, nothing new for Europe, but simply a “return to normality”. As a consequence of the complex strategic goals of the international community, all issues that go far beyond the objectives of this book, East Central Europe has been seen as the perfect political laboratory in which new equilibria could be tested, while the study of the factors responsible for the democratic consolidation of this region has become of crucial importance in predicting the destiny of these countries, and in understanding the future patterns of European political development.

The Political Transition of 1990s

As it is well known, on 9 November 1989 the Berlin Wall collapsed and with it the world order in place since the end of World War II. This date is, however, only a formal one. It is a day to celebrate, to remind the world that what we currently know as true is in fact new, and that it once had a different, probably less human face. In reality, the collapse of communism might equally be traced back to the 23 October 1956 (day of riots against the Soviet occupation in the streets of Budapest), to the 17 August 1962 (day of Peter Fecter’s death, the first East German shot while trying to climb the Berlin Wall), to the 21 August 1968 (day of the military intervention of Warsaw Pact forces during the Prague Spring), to the 27 June 1989 (day in which the Hungarian Foreign Minister, Gyula Horn, and his Austrian colleague, Alois Mock, cut the barbed wire in Sipron representing the symbolic opening of the borders between Austria and Hungary¹), or to the 16 October 1989 (day of the biggest anti-communist demonstration in Leipzig during the visit of Gorbachev to celebrate the birth of the GDR). Whatever date one decides to take as example for the beginning of the end of the communist

¹ In reality, however, the borders with Austria were only opened on 11 September 1989 to GDR citizens seeking political asylum in West Germany.

order, this date will also coincide with a new wave of democratization in Europe, which is now supposed to bring peace and stability in the region, or, if such aim sounds too unrealistic, at least, to facilitate this process.

Despite the existence of a common belief, which looks at the 1989 events as something that arrived completely unexpected, for Central and Eastern Europeans, regime change did not suddenly occurred from one day to the other, but it was the natural result of the continuous internal tensions that the communist system was producing in each of the associate states. Interestingly, Central and Eastern European countries (CEECs) did not react to the dissolution of communism in the same way, but the transformation took numerous roads, resulting in a variety of political transitions (Szablowski and Derlien 1993; Lewis 1997). Regime change has been negotiated in Poland, the result of evolution in Hungary, followed by police violence in Bulgaria and Romania, caused by the implosion or collapse of the old system in Czechoslovakia (Lewis 1997) and Slovenia, or the consequence of Russian internal reforms in the Baltic States. In this context, an in-depth analysis of the voting behaviour of these populations clearly shows how volatile the political transition has been in this region.

The Electoral Behaviour

In Poland, the Solidarity trade union, declared as outlaw by the communist regime in 1982, was finally admitted to negotiations with the Jaruzelski² government after a series of strikes in the spring/summer of 1988. At the end of the so-called Round Table talks (April 1989), the two parties came to an agreement on the modalities for the first semi-free elections that had to be held on 4 and 18 June 1989. According to the new electoral rules, 65 per cent of the seats in the Sejm (Polish Parliament) were assigned to the communists in advance, while the remaining 35 per cent would be freely distributed between the ruling party and the opponents, on the basis of the votes received. In the Senate, recently re-established in 1989, the 100 seats available were not subjected to any restriction. This first round of elections saw the appointment of Jaruzelski as President, while Tadeusz Mazowiecki³ was

² General Jaruzelski was a high rank official of the Polish Politburo since 1970s and the first secretary of the Communist Party since October 1981. He has been charged by Polish courts for responsibility in the shooting of demonstrators by the secret police in 1970s.

³ Tadeusz Mazowiecki was one of the most influential members of Solidarity ("Solidarnosc") and personal advisor of Lech Walesa.

designated as Prime Minister. In 1989, the Sejm approved the Balcerowicz⁴ plan, a neo-liberal set of economic reforms, which became the key feature of the Polish road toward market economy. The final end of the communist supremacy in Poland was signed on two subsequent dates. The first was in 1990 and coincided with the resignation of Jaruzelski and the appointment of Lech Walesa⁵ as President. The second was in 1991 with the first fully democratic parliamentary elections. While the inconsistency of having a communist President elected under non-democratic rules was soon resolved by the resignation of Jaruzelski, the defeat of the ex-communist party (the new called Democratic Left Alliance -SLD-) followed a more tortuous road. In fact, while in the parliamentary elections of 1991 the Democratic Left Alliance (SLD) lost most of its power, receiving only 9 per cent of votes, the highly fragmented composition of anti-communist groups resulted in fatal voting in the following elections of 1993. In 1993, a new centre-left government formed by the Democratic Left Alliance (SLD) and the agrarian Polish People's Party (PSL) unexpectedly won the majority of votes, and subsequently seats in parliament. This probably represented the first reaction of citizens to the high social costs caused by the economic transition (Lewis 1997). In 1997, the electoral support changed again, this time in favour of non-communists. A new Solidarity-led government formed by the Solidarity Electoral Alliance of the Right (AWSP) and the Union for Freedom (UW) was reinstalled and the economic reforms initiated in the first round of elections, but temporarily blocked by the left coalition, were completed. As the voting behaviour in 1993 demonstrated, the Polish governments that pursued drastic economic reforms had also to pay, in some way, the costs of transition. In the next elections of 2001, a centre-left coalition of three parties, the Democratic Left Alliance (SLD), the Labour Union (UP) and the Polish People's Party (PSL), obtained the majority of seats in the parliament against a fragmented and disorganized centre-right union. In the next elections of 2005, the political behaviour of Polish citizens changed direction again moving towards nationalist and populist values. The new government was formed by the union of the nationalist conservative Law and Justice (PiS), the agrarian nationalist Self-Defence of the Republic of Poland (SO)

⁴ Leszek Balcerowicz was Minister of Finance of Poland from 1989-1991 and from 1997-2000. He has been one of the strongest supporters of shock therapy.

⁵ Lech Walesa was one of the founders, and the leader, of "Solidarity", the first free non-communist trade union. He has often put in jail by the regime.

and the christian-populist League of Polish Families (LPR) (Jasiewicz 1998; Grotz 2000; Millard 2003; Auswärtiges Amt 2006: Poland; Elections around the World 2006: Poland; Parties and Elections in Europe 2006: Poland).

In Hungary, similar negotiations to those conducted in Poland, but primarily sponsored by reform-minded members of the communist party, took place with groups of the united opposition in the Hungarian Democratic Forum (MDF) and other social movements (trade unions) in the Round Table of 1988. After several months of consultations, the communist nomenclatura agreed on the possibility to introduce the first totally free elections, which could be held, thanks to the positive result of the national referendum of November 1989, in the spring of the following year (1990). The electoral support for the opposition was, however, not as expected, primarily due to the fragmented nature of the centre-right union. Despite this electoral impasse, a new conservative coalition of three parties, the Hungarian Democratic Forum (MDF), the Independent Smallholders Party (FKGP), and the Christian Democratic People's Party (KDNP) formed a new government under József Antall⁶ (as Prime Minister of the new Republic of Hungary⁷). The second free elections of 1994 witnessed, similarly to the Polish case, a return of the ex-communists (the Hungarian Socialist Party - MSZP - under Prime Minister Gyula Horn⁸. The coalition was formed thanks to the partnership with the Union of Free Democrats (SZDSZ), which obtained 20 per cent of votes that corresponded to the necessary 70 seats needed to create a majority.

In the third parliamentary elections of 1998, the ex-communists were not re-elected, but a new government formed by a centre-right alliance of three main parties, the Alliance of Young Democrats (FIDESZ), the Independent Smallholders Party (FKGP) and the Hungarian Democratic Forum (MDF) took office. The new elected Prime Minister Viktor Orbán⁹ declared that

⁶ József Antall was the first Prime Minister of Hungary after its independence from the Soviet Union. He is known for his statement that he was not merely the premier of Hungary, but of 15 million Hungarians with reference to the Hungarian minorities living abroad.

⁷ The former name of the Republic of Hungary in force until October 1989 was the Socialist People's Republic of Hungary.

⁸ Gyula Horn was one of the founders of the Hungarian Socialist Party after the fall of the Berlin Wall. He was also a member of the Hungarian communist party since 1954.

⁹ At the time, Viktor Orbán was a thirty-five year old lawyer trained in prestigious universities (such as Eötvös Loránd University of Budapest and the University of Oxford) and known for his strong belief on the potentials of market-oriented reforms.

neo-liberal reforms, which too often were blocked by protesters, would be finally introduced to the country. Despite the fact that most of these reforms were not implemented as announced (especially in the years close to the new electoral campaign), this did not prevent the centre-right government from being defeated in the elections of 2002 by a coalition formed by the Hungarian Socialist Party (MSZP) of Péter Medgyessy¹⁰ (elected Prime Minister) and the Union of Free Democrats (SZDSZ)¹¹. These forces set an increase in public sector expenditures as a key policy priority. This decision was, of course, a risky one, since it implied a considerable growth in the state debt during a particularly difficult moment, in which inflation and pressures to ensure financial balance were constantly increasing. This political strategy, based on welfare expansion instead of welfare retrenchment, worked well and the two main parties were re-elected in 2006, but, this time, under the guidance of Prime Minister Ferenc Gyurcsány (Jasiewicz 1998; Pittaway 2003; Kipke 2005; Auswärtiges Amt 2006: Hungary; Elections around the World 2006: Hungary; Parties and Elections in Europe 2006: Hungary).

In Czechoslovakia, political transformation was not initiated by the countries political institutions, as happened in Hungary and Poland, but rather it was the consequence of the requests coming from the civil society (groups often formed by veterans of the Prague Spring), which engaged in a series of violent demonstrations (the so-called velvet revolution) in November 1989. In December of the same year, the Federal Assembly, under Dubček¹², elected Václav Havel¹³ as President of the new democratic Czechoslovakia. After having successfully convinced the ruling communist party to renounce power, the two main social movements, the Civic Forum (CF), under the leadership of Václav Havel, of the Czech Republic and the Public against Violence (VPN), of Vladimir Mečiar¹⁴, for Slovakia, went to the first

¹⁰ Péter Medgyessy was a technocrat under the former communist regime. He has been accused of being a counterespionage agent in the late 1970s.

¹¹ Remarkably, the ex-communists alone received an unexpectedly 42 per cent of votes against a total of 41 per cent of the FIDESZ of Orbán and the MDF.

¹² Alexander Dubček was the first secretary of the Czechoslovak Communist Party and withdraw from his functions in 1969 because of his active involvement during the Prague Spring.

¹³ Václav Havel was a political dissident, writer and founding member of the first anti-communist group, Charter 77.

¹⁴ Vladimir Mečiar was a member of the communist party since the 1960s, expelled because of a pro-reform speech given to the national congress during the Prague Spring. Mečiar has often been accused of pursuing political power through authoritarian means.

free elections. Both groups won the majority of votes in June 1990 against the communist nomenklatura. This finally signed the end of the communist monopoly, which for too many years had stopped the democratic aspirations of the citizens initiated in the riots of the Prague Spring of 1968. The following elections in 1992 saw a new electoral composition and, more precisely, the victory for the Civic Democratic Party (ODS) of Václav Klaus¹⁵ and for the new Movement for a Democratic Slovakia (HZDS) led by Vladimír Mečiar. On 25 November of the same year, the Federal Parliament adopted the Law on the dissolution of the Czech and Slovak republics as unified entities. This decision was the result of the strong socio-economic differences that existed between the two parts of the country and also the result of divergences in the policy orientation required to stop the asymmetries in the economic development¹⁶. On 1 January 1993, the ex-Czechoslovakia was finally divided into the Czech Republic with the capital in Prague and the Slovak Republic with its capital in Bratislava.

In the new Czech Republic, Václav Klaus and Václav Havel became respectively the new Prime Minister and the new President. Václav Klaus formed his second cabinet in 1996, but the second Klaus government did not last the expected period. Despite his certainties on the successful completion of neo-liberal reforms, the increasing protests of citizens, exasperated by the deterioration of the economic situation, forced Klaus to resign on 30 November 1997. In the new polls of 1998, a new centre-left administration under Miloš Zeman¹⁷ of the Czech Social Democratic Party (ČSSD), indirectly supported by the Civic Democratic Party (ODS) of Václav Klaus, came into power. They immediately set about remodelling the ways in which the Czech economic reforms had to be conducted. The fifth Czech parliamentary polls took place in 2002, where a centre-left alliance formed

¹⁵ Václav Klaus studied economics in the Czech Republic, Italy and in the United States, held various positions in the State Bank of Czechoslovakia from 1971 to 1986 and, after the fall of the Berlin Wall, became Governor of the World Bank for Reconstruction and Development. He is known for his radical orientation toward economic reform. In his speeches, he has often affirmed to pursue the aim of the transition toward a market economy without adjectives, in particular without the adjective "social".

¹⁶ The Slovaks often accused the Czechs of pursuing a discriminatory economic policy, which tended to privilege the Czech Republic at the expenses of the less developed Slovakia (Williams 2003).

¹⁷ Miloš Zeman was a former member of the Czechoslovak communist party expelled during the Prague Spring. He is one of the founders of the Czech Social Democratic Party (ČSSD).

by the Czech Social Democratic Party (ČSSD) and Coalition¹⁸ won the majority of votes. The government restarted discussions on the privatization of the social security system, but significant reforms were only to some extent implemented. In fact, the political debate during this legislature was greatly polarized on the internal rivalries existent within the ČSSD, which led to the substitution on 4th August 2004 of Prime Minister Vladimír Špidla for Stanislav Gross (Vodička 2005). In the elections of June 2006, the ČSSD succeeded in maintaining power by forming a centre-left government with the support of the KDU-ČSL and US-DEU. The exclusion of the ex-communists of the KSČM from the government continued, even though the 12.8 per cent of votes received by the KSČM would have certainly ensured a more stable coalition, if the meager results of the KDU-ČSL (7.2 per cent) and of the US-DEU (0.3 per cent) are taken into account.

In the new Slovak Republic, Vladimír Mečiar became the first Prime Minister, while Michal Kováč¹⁹ was appointed as the new President. Due to strong internal tensions (caused by the authoritarian style of leadership of Mečiar), Slovakia went to elections in 1994. The anticipated ballot, however, did not result in a drastic change in the parliamentary composition and Mečiar re-emerged as the strongest leader²⁰. In 1998, the fourth elections of the Slovak National Council marked a drastic reduction in the support for Mečiar and his Movement for a Democratic Slovakia (HZDS). This allowed the Slovak Democratic Coalition²¹ to rule the country until the natural end of the mandate. The fifth Slovak parliamentary polls took place in 2002, where a conservative liberal alliance of the Slovak Democratic and Christian Union (SKDU), the Party of the Hungarian Coalition (SMK), the Christian Democratic Movement (KDH) and the New Civic Alliance (ANO) formed a new government. These parties intensively discussed the privatization of the social security system, implementing significant reforms especially in the pen-

¹⁸ Coalition was formed by the Christian and Democratic Union, Czechoslovak People's Party (KDU-CSL) and the Freedom Union - Democratic Union (US-DEU)

¹⁹ Michal Kováč was a lecturer of economics expelled from the Communist Party of Czechoslovakia in 1970. He then worked as a scientific researcher at Institute for Financing and Credit of Bratislava.

²⁰ The new government was formed thanks to a coalition with the Slovak National Party and the populist left-wing Union of Slovak Workers.

²¹ The Slovak Democratic Coalition was formed by the Christian Democratic Movement (KDH), the Democratic Union (DU), the Democratic Party (DS), the Social Democratic Party of Slovakia (SDSS) and the Green Party of Slovakia (SZS).

sion sector. In the latest elections, held in 2006, a Christian democratic coalition, made up of the Slovak Democratic and Christian Union, the Party of Hungarian Coalition and the Christian Democratic Movement, was reelected to govern, even though the real winner of these polls was the social-democratic Direction - Social Democracy (SMER), which succeeded in more than doubling its electoral support from 13.5 per cent to 29.1 per cent of votes (Jasiewicz 1998; Kipke 2002; Williams 2003; Vodička 2005; Auswärtiges Amt 2006: Czech and Slovak Republic; Elections around the World 2006: Czech and Slovak Republic; Parties and Elections in Europe 2006: Czech and Slovak Republic).

In Romania, political transition took a different road in which a widespread use of police violence and intimidation of citizens became the key features of a senseless and desperate strategy that aimed to block the democratic aspirations of the opposition groups and the civil society. The violent anti-communist demonstrations of 16 December 1989 in the west of the country and in the streets of Bucharest, were bloodily suppressed by the police (who shot on the crowd and injured several thousand protesters), and were concluded few days later, on 25 December, when a special military tribunal sentenced Ceausescu²² to death for mass murder and several other crimes. The death sentence for the Head of State and his wife was broadcasted by national and international televisions, becoming another dramatic image of the fall of communism. Unexpectedly, such impressive events, which were supposed to open a new wave of democracy in the country, did not automatically coincide with the beginning of political stability. Fragile communist governments were indeed followed by equally delicate non-communist coalitions. After the death of Ceausescu, the power passed to the National Salvation Front (FSN) of Ion Iliescu²³, who was immediately elected as President, while Petre Roman²⁴ was designated as new Prime

²² Nicolae Ceausescu succeeded Gheorghiu Dej, the former head of the Romanian Communist Party, in 1965. Since the beginning of his office, he was accused of a monopolistic and authoritarian management of power, involving the replacement of party officials with his protégés or family members.

²³ Ion Iliescu was a high ranking official of the Romanian communist party, who was gradually excluded from the political life for his opposition to the common communist ideology, for his critiques of the policies of Ceausescu and his criticism of the involvement of the Warsaw troops in Prague.

²⁴ Petre Roman was an engineer with no prior political past, but co-founder of National Salvation Front.

Minister. In June 1990, a new series of violent demonstrations focused the attention of the international community again on Romania. In this case, the widespread use of force, once again, was one of the key characteristics of the repressive strategy of Romanian authorities. In order to give a more democratic image of the repression, the violence of security agents was, this time, accompanied by the joint efforts of coal-miners, called to re-establish order in a country close to civil war. New elections soon arrived in 1992, giving victory to the successor of the National Salvation Front (FSN), the Social Democracy Party of Romania (PDSR), and Ion Iliescu. Iliescu was re-elected as President, while Nicolae Vacaroiu, an ex-bureaucrat, was chosen as the new Prime Minister. In the third parliamentary elections of 1996, a centre-right coalition, named the Democratic Convention of Romania (CDR), won the majority of seats, and this time succeeded to govern until the natural end of the mandate. Unexpectedly, in November 2000, the party of Iliescu came to power again with a remarkable 37 per cent of electoral support. The government was formed by a left-wing coalition (with the Democratic Social Pole of Romania²⁵), which saw extreme left and social democratic parties joined together to fight the new emergent ultra-nationalism of Vadim Tudor and his xenophobic Party of Great Romania²⁶. In the elections of 2004, the government coalition changed again. This time, the government was formed by a liberal conservative union made up by the National Liberal Party (PNL), the Democratic Party (DP), the Conservative Party (PC) and the Democratic Alliance of Hungarians in Romania (UDMR) (Gallagher 2003; Auswärtiges Amt 2006: Romania; Elections around the World 2006: Romania; Parties and Elections in Europe 2006: Romania).

In Bulgaria, the democratization process began with the overthrow of Todor Zhivkov²⁷ on November 1989. The ex communist leader was replaced

²⁵ The Democratic Social Pole of Romania was formed by the authoritarian/extreme left-wing Democratic Social Party of Romania, the Romanian Social Democratic Party (social-democratic) and the Humanist Party of Romania (social democratic). The coalition succeeded in governing thanks to the support of deputies of minority parties, such as the Democratic Alliance of Hungarians in Romania (UDMR), which obtained 6.8 per cent of votes and 27 seats.

²⁶ The PRM was the largest opposition group in the Romanian parliament with 19 per cent of votes and 84 seats.

²⁷ Todor Zhivkov was the first secretary of the Bulgarian Communist Party's Central Committee. He maintained this office from 1954 to 1989, when the communist block collapsed.

by a less exposed party member Andrei Lukanov²⁸ of the new-called Bulgarian Socialist Party (BSP), who was immediately appointed as new Prime Minister. In the elections of 1990, the former communist party obtained an extremely positive result (47 per cent of votes and 211 seats), which was unexpected if compared to the performance of other communist successors in CEE. This was, however, not sufficient to reach the majority in the Grand National Assembly, which was obtained by a coalition with 40 minor parties. Among these political forces, the Union of Democratic Forces (SDS) ended up being the biggest opposition group with 36 per cent of votes and 144 seats. In the following parliamentary elections of 1991, the Union of Democratic Forces (SDS) was reconfirmed as the biggest opposition group (34 per cent of votes and 110 seats), successfully reducing its gap from the ex-communists of the Bulgarian Socialist Party (BSP) (33 per cent of votes and 106 seats). In November 1994, the parliament was dissolved and the country went to elections. This time, a coalition led by the ex-communists won the majority in the parliament, obtaining 43 per cent of votes against a meagre 24 per cent from the Union of Democratic Forces (SDS). Zhan Videnov²⁹ was then elected as new Prime Minister, but the severe economic crisis of 1996, which forced the International Monetary Fund (IMF) to grant loans to Bulgaria in exchange for painful austerity measures and the establishment of a currency board, turned out to be the worst electoral enemy of the socialist party. In the new elections of 1997, the ex-communists saw a drastic reduction in their electoral support to 22 per cent (a fall of 21 per cent if compared to the previous election). This gave the Union of Democratic Forces (SDS), together with the People's Union (NS), the possibility to form a new government coalition. Although this clear electoral preference might have been an indicator of future political stability, the elections of 2001 were, once again, the theatre of a drastic change of government, this time in favour of the personalist National Movement of Simeon II (NDSV). The former King, in exile since the end of World War II, was unexpectedly elected as Prime Minister with 43 per cent of votes, and formed a new coali-

²⁸ Andrei Lukanov was a former member of the communist party of Bulgaria who served as deputy minister from 1986 to 1990 and as Prime Minister after the end of communist monopoly. He was arrested in 1992 for misappropriation of State funds. He was assassinated in his house in Sofia on 2 October 1996.

²⁹ Zhan Videnov was a former member of the Bulgarian communist party. His political escalation in the party ranks began, however, only after 1989.

tion government with the centre-liberal Movement for Rights and. In 2005, the new elections resulted in an unusual alliance, which comprised the communist and social-democratic Coalition for Bulgaria (KB), the liberal National Movement of Simeon II (NDSV), and the ethnic-liberal Movement for Rights and Freedom (DPS). The social policy approach of the new elected government under the guidance of Prime Minister Sergey Stanishev (KB) put more emphasis on the necessity to include the social variable in the reform of the welfare state, but in reality the possibilities for the real implementation of such reforms have been limited due to the difficult composition of the government coalition (Auswärtiges Amt 2006: Bulgaria; Elections around the World 2006: Bulgaria; Gallagher 2003; Parties and Elections in Europe 2006: Bulgaria).

The Baltic States (Estonia, Latvia and Lithuania), on the other side of the political transition, remained for a much longer time under direct control of the Soviet Union, gained electoral autonomy only with the reformulation of Article 6 of the Russian Constitution of 1990, which introduced the possibility of competitive elections. Opposition parties, which already existed as illegal entities in these communist regimes, were then allowed to legally enter the Baltic political arena. In the elections of 1990, non-communist governments were soon installed in all three states and declarations of independence from the Mother Russia immediately followed. As could be expected, the requests of the Baltic republics were not heard by Russian political leaders, who denied them their independence until 1991, when political referendums clearly showed the impossibility of refusing the citizens' aspirations for self-determination (Birch 1998).

In Estonia, the first parliamentary elections of 1990 witnessed a clear victory for non-communist parties led by the Centre Party (K), which obtained 41 per cent of votes, corresponding to 43 seats over a total of 105. In the elections of 1992, the electoral support for this opposition group drastically diminished to a meagre 12 per cent. This did not coincide, however, with a return to the past. In fact, a new centrist-conservative coalition was formed thanks to the good results of the Fatherland Union (IL) (22 per cent). In the elections of 1995, the support shifted in favour of the less liberal-oriented Coalition Party and Rural Union³⁰ (CPRU), which gained a major-

³⁰ The Coalition Party and Rural Union was a partnership of four main forces: the Coalition Party, Country People's Party, Farmer's Assembly, and Pensioners' and Families' League.

ity in the parliament, in comparison to the Centre Party and the radical-liberals of the new Estonian Reform Party (ER). In the elections of 1999, the Centre Party recovered the support lost in the past elections gaining 23 per cent of votes. The Fatherland Union and the Estonian Reform Party both received 16 per cent of votes; whilst the People's Party Moderates (M) gained 15 per cent. Finally, in the polls of 2003, the support for centre-liberal ideas did not change and the Centre Party was reconfirmed as the most important political party (25 per cent of the vote), followed by the conservative Union for the Republic -Res Publica- (RP) (24 per cent), and the Estonian Reform Party (18 per cent) (Auswärtiges Amt 2006: Estonia; Elections around the World 2006: Estonia; Parties and Elections in Europe 2006: Estonia).

In Latvia, the Latvian People's Front (LTF) was the first political formation to break the communist monopoly by winning the elections in March 1990 with 68 per cent of votes, against the 21 per cent of the Latvian Socialist Party (LSP). In 1993, electoral consensus was consolidated on liberal and centrist ideals, which were promoted by the Latvia's Way (LC), the Latvian National Independence Movement (LNNK), the centrist of the People's Harmony Party (TSP) and the Latvian Peasants Union (LZS). In 1995, political consensus did not shift from centrist and liberal parties, but this time it included an extreme right wing movement. The four main centre-right forces in these Estonian elections were the national conservative Fatherland and Freedom (TB/LNNK), the Latvia's Way (LC), the centre-liberal Democratic Party Saimnieks (DPS) and the extreme-right Peoples' Movement (TKL). In 1998, the conservative reformist People's Party (TP), the LC and the TB/LNNK won the majority of seats in the parliament, but the elections in 2002 saw the formation of a new centrist coalition under the guide of the New Era (JL) (24 per cent of votes)³¹. Other parties that gained a large percentage included the progressive centrist TSP (19 per cent) and the conservative reformist TP (17 per cent) (Auswärtiges Amt 2006: Latvia; Elections around the World 2006: Latvia; Parties and Elections in Europe 2006: Latvia).

In the first free Lithuanian parliamentary elections, of 24 February 1990, the Sajudis (a new political movement formed by the scission of the ex-

³¹ The new government was formed by the New Era, Latvia's First Party, Green and Farmers Union and Fatherland and Freedom.

communists) won the majority of seats, and in March 1990 the Parliament declared the country's independence from the Soviet Union. In the second elections of 1992, the former communist party (the newly called Democratic Labour Party of Lithuania, the LDDP) obtained the majority of seats. In the following elections of 1996, however, three main centre-right movements³² formed a new government, which succeeded in ruling the country until the natural end of the mandate in October 2000. In the 2000 elections, consensus was centred again on centre-liberals ideas promoted by the "New Union" (NS). This early wave of political stability lasted, however, only until July 2001, when a new government was formed when the social-democratic and social-liberal parties joined together³³. This allowed Algirdas Brazauskas of the Lithuanian Social Democratic Party (LSDP) to become the new Prime Minister of Lithuania. In the elections of 2004, a centre-left led government under Prime Minister Algirdas Brazauskas (LSDP) was reconfirmed but this time formed by the union of the Lithuanian Social Democratic Party (LSDP), the centrist Labour Party (DP) and Lithuanian Peasant Nationalists (LVL) (Auswärtiges Amt 2006: Lithuania; Elections around the World 2006: Lithuania; Parties and Elections in Europe 2006: Lithuania).

Finally, the first free elections in Slovenia, held in April 1990, brought about the formation of the first non-communist government. The Parliament proclaimed independence from the ex-Yugoslav Republic in 1991 after a referendum in which 88 per cent of Slovenes expressed their clear intention to form a new and separate state. The second elections in 1992 saw, to some extent, a return of the ex-communists with the victory of a centre-left coalition. This coalition was formed by the Liberal Democracy of Slovenia (LDS), the Slovenian Christian Democrats (SKD), the United List of Social Democrats (ZLSD) and the Social Democratic Party of Slovenia (SDS). In the third elections of 1996, the role of the left parties was drastically reduced and a more centre-oriented government, formed by the liberal democrats of the LDS, the Slovenian People's Party (SLS) and the Democratic Party of Retired People of Slovenia (DeSUS) was installed. This coalition succeeded in ruling the country until the new polls of 2000, when, due to the negative performance of the Slovenian People's Party (SLS) and the Slovene Chris-

³² These were: the Fatherland Union (TS), the Lithuanian Christian Democratic Party (LKDP) and the Lithuanian Centre Union (LCS).

³³ The new government coalition was formed by the LSDP, NS and others.

tian Democrats (SKD) (together only managing to get less than 10 per cent of votes), a new centre-left coalition formed by the Liberal Democracy of Slovenia (LDS) (36 per cent of votes), the United List of Social Democrats (ZLSD) (12 per cent), the new-United Slovenian People's Party and the Democratic Party of Retired People of Slovenia (DeSUS) (5 per cent) took office. This new parliamentary coalition made the maintenance of a comprehensive welfare state a citizen right, which could not easily be amended. In the elections of 2004, a new centre-right government formed by the liberal-conservative Slovenian Democratic Party (SDP), the New Slovenia - Christian People's Party (NSI), the Slovenian People's Party (SLS), and the Democratic Party of Retired People of Slovenia (DeSUS) won the majority in the parliament (Auswärtiges Amt 2006: Slovenia; Elections around the World 2006: Slovenia; Parties and Elections in Europe 2006: Slovenia).

This very brief overview of the electoral transition of East Central Europe shows not only how volatile the political transformation has been in these countries, but also how dramatic regime change has been for the populations involved. Economic factors, new institutional arrangements and political consensus around democratic ideas have all played a crucial role in dictating the patterns of regime change and the roads that the transition toward democracy had to follow. Although the prospects for future electoral stability are still difficult to elucidate, these clearly remain linked to the improvement of the economic performance of these new market economies.

A New Wave of Democratization

Inside the academic world, much ink has been spilled in the debate on the causes responsible for democratization, but the results of numerous discussions involving very famous scholars are still controversial. The most classical approach to democratization is the one introduced by modernization theory³⁴, according to which the level of socio-economic development remains a key factor to predict the growth of a stable democracy. For Dahl (1989), high levels of income per capita, urbanization and literacy are all crucial indicators of democratic development. Other authors, by contrast, have viewed democratization in less restrictive terms. Lewis (1997) has highlighted that modernization and democratization have become two close terms, which are not easily distinguishable and that can be subjected to nu-

³⁴ See the debate over Modernization Theory in Zapf et al. (2001).

merous critics. By overemphasising the role played by socio-economic influences, modernization theory has neglected, for instance, numerous other aspects, such as the elite strategies and leadership choices in place to foster or to block the birth of democratic institutions (Lewis 1997).

As Huntington (1991) has correctly emphasized, no single factor can be sufficient to explain the development of democracy in a determined country. Democratization seems to be more the result of a combination of causes and, of course, of events. Economic improvements as discussed by Lipset (1960; Lipset et al. 1993) or the positive development in five key arenas (Civil Society, Political Society, Rule of Law, State Apparatus and Economic Society) introduced by Linz and Stepan (1996) are by no means the only influential elements. This thesis has also been supported by Gastil (1985), who defined the democratization process as a “struggle for ideas”, and by Diamond et al. (1989) and Pinkney (1993), who emphasized the importance of a multi-causal explanation (Cerami 2000). For these authors, historical and cultural backgrounds of a nation are all crucial for the successful transition toward democracy. Nevertheless, it is evident, as Arat (1991, p.152) has affirmed, that “as long as social and economic inequalities persist, developing countries that go to a process of democratization today are doomed to return to some form of authoritarianism”.

This last aspect, more than any other single factor, has raised the question of the sustainability of economic reforms in the region. As it is well known, immediately after the fall of the Berlin Wall, Central and Eastern European governments have embarked in a painful, but necessary restructuring of their economies. This process has taken different forms: from the drastic “shock therapy” or “bing-bang” strategy of more ambitious Polish decision-makers to the “gradualist” or “step-by-step” approach of more cautious Hungarian officials (see Ringold 2005). Whatever decision has been taken, citizens have paid high social costs. As Przeworski (1991, p.136) has pointed out:

“Rationalizing the allocation of resources requires new markets, deregulating prices, attenuating monopolies, and lowering protection. Making the state solvent entails reducing public expenditures, increasing revenues, and, at times, selling public assets. [...] Even if governments that launch such reforms often hate to admit it, a temporary economic deterioration is inevitable. Inflation must flare up when prices are deregulated. Unemployment of capital and labor must increase when competition is intensified. Allocative effi-

ciency must temporarily decline when the entire economic structure is being transformed. Structural transformations of economic systems are costly.”

Despite the unquestionable necessity of taking painful decisions, it is now clear that the social costs of economic transformation have been underestimated and the price that Eastern Europeans have paid (and still continue to pay) to “democratize” their countries might have been substantially lower. The assumption following the 1990s events, to a large extent, consisted of the idea that these countries in transition might have been democratized primarily through “westernization”. This concept has clearly been too simplistic and should have been weighed more carefully. As it has been explained above, democratization is far less a clear-cut process with more uncertain outcomes than those predicted by political analysts. The myth of democratization as simply a matter of alignment toward western standards proposed by many influential experts³⁵ has also suffered from numerous endemic weaknesses. In particular, it has continued to neglect the historical and cultural heritage, considering countries in transition nothing more than a *tabula rasa* in which western societies could simply write on it their understanding of modernization.

The Consolidation of Democratic Institutions

Even more complicated is the definition of democratic consolidation, since it starts when the democratization process is concluded, but it is unpredictable in its end. The temporal factor becomes, in this context, crucial, although it is not the only important factor. It is, in fact, necessary to explain not only the time required for a democracy to be consolidated, but also what factors may influence the stabilization of democratic institutions (Merkel 1996; Rüb 1996). The patterns of regime change have usually been divided into three main phases, according to the classical distinction of O’Donnell and Schmitter (1986), which includes: 1) liberalization of authoritarian regimes; 2) democratization; and 3) consolidation of democracy. As can be imagined, the first phase involves the cessation of the prior totalitarian system. The second implies the construction of the most important institutions of the political

³⁵ For a debate over modernization in Central and Eastern Europe, see Glaeßner (1994), Bafoil (2006).

regime. Finally, the third consists of the consolidation of democratic institutions and begins when the other two phases are concluded (see also Rüb 1996; Merkel and Lauth 1998).

Clearly, the last step of transition is by far the most complex process to analyse. In fact, for Merkel (1996), the consolidation of democratic institutions can only be explained in the light of a multi-level model, which takes into consideration the successful expansion of four main elements: 1) institutional consolidation; 2) representative consolidation; 3) behaviour consolidation; and 4) consolidation of the civic culture. Institutional consolidation is seen as the stabilization of central political and constitutional organisms (such as parliament, government, political system and so on), which exist to define the rules of the game, and to ensure social and political inclusion (in the sense that no huge differences among social groups emerge). Representative consolidation refers to the territorial arena and includes the actors called to represent particular political interests, such as political parties and trade unions. The degree of democratic stabilization in this level permits to the citizens to have a real access to the basic freedoms mentioned by Linz³⁶ (1975) and thus should be better represented in the new democracy. Behaviour consolidation, by contrast, concerns the absence of a strong support for actors, which might seriously endanger the consolidation of democratic institutions. Examples of these “de-consolidating” forces can be found in deviant military personnel, radical parties, clandestine groups, populist and charismatic leaders and so on. Finally, the fourth and last level of democratic stabilization entails the existence of a consolidated civic culture, which, for numerous authors, represents the socio-political foundation of democracy (Almond and Verba 1963, 1980; Merkel and Lauth 1998; Putnam 1993, 2000). Civic traditions and culture can thus help to improve a sense of social cohesion, which turns to be essential for the long-term sustainability of democratic institutions.

As O’Donnell and Schmitter (1986) have correctly emphasized, the process of regime change inevitably implies a significant degree of uncertainty in the sense that transformation requires something that is still unknown to move towards. In this unpredictable process of transformation, new political

³⁶ Linz (1975) addresses a political system as democratic when it guarantees the possibility to formulate individual political preferences through the access of basic freedoms, such as association, information and communication.

actors are called to reduce uncertainty by providing a new form of legitimacy. Unquestionably, this new form of legitimacy depends on numerous factors and not on any single one. What cannot be denied, however, is that a new and more equal division of rights and resources may be vital for the successful conclusion of the consolidation of democratic institutions. As Offe (1994) and Rüb (1996) have highlighted, new democratic rules must be institutionalized and shared by the community according to the principles agreed in advance with the citizens (the so-often quoted “social contract”). In this context, social security systems remain the most crucial forces, helping to confer a moral legitimacy to the transformation towards a capitalist-based society and facilitating the creation of a new consensus around the new democratic rules (Offe 1994, 2003a, 2003b; Rüb 1996). What is important here to note is that despite the recent inclusion of Central and Eastern European societies in the club of liberal democracies (Merkel et al. 2003; Merkel 2004), substantial shortcomings in the socio-economic environment still persist. This makes the process of democratic stabilization in the region still far from finished, as the increasing preferences of citizens towards non-democratic forms of government show (Cerami 2006).

Main Objectives of this Study

As mentioned, the dissolution of the Iron Curtain has opened the door to a new wave of democratization and modernization in Europe. The reasons for its breakdown, however, remain only in part explored. For Ettrich (2003), the causes leading to the collapse of communism should be seen in the light of a multidimensional approach, in which numerous factors are all crucial to explain the dissolution of communist rules. Ettrich (2003) affirms that the unexpected destructive results of Gorbachev’s glasnost, the dissolution of the Soviet Empire, the economic defeat in the competition with the West, the lack of political legitimacy and the formation of movements of opposition (civil society), the oil crisis of the 1970s, the absence of a coherent strategy of economic and technological development and the internal differentiation of communist political elite were all co-actors in the dissolution of state-socialism. Fehér et al. (1983) have also emphasized the existence of self-destructive mechanisms inside the communist state apparatus, which were created by the “informalization” of political and social activities and by the incapacity of the communist elites to reproduce the power resources in force in the early period of communism. In other words, the state-socialist system also played a significant role in its own collapse.

This study does not deal with the death or re-birth of old institutions, but rather with the emergence of new ones. By explaining the path of extrication from state socialism, the book aims to: a) compare different social policy theories and to elaborate new ones; b) identify the patterns of the welfare state's transformation in Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia, at the national and EU level; c) investigate the attitudes towards social inequality in the European region; and d) explore the impact of social transfers in seven Central and Eastern European countries (Czech Republic, Estonia, Hungary, Poland, Romania, Slovak Republic and Slovenia). Finally, this research aims to highlight the factors responsible for institutional change and democratic consolidation and to identify the prospects for the successful implementation of future welfare state reforms.

There are well known practical, theoretical and political problems associated with any attempt to achieve and maintain significant and permanent reforms in the region. These are connected with the difficulties of the transition towards market-based economies, in a way that does not produce distorted effects in household incomes. Poverty and its associated disadvantages remain an intractable and long-term problem in these societies. Thus far, it has not been successfully overcome through successive social policies, which have been in place since 1989.

A way to escape social inequality, as it has been argued, might be to empower welfare institutions. This, however, should be conducted in a manner that avoids excessive increase in welfare expenditures, which would contradict the recommendations of the EU and other international organizations. The risk for CEECs is that most social policies become distorted or undermined by political interests, external pressures or bureaucratic inefficiency. With regard to the reform of the welfare state, CEE governments plan to develop EU recommendations into coherent national strategies, in which not only the central administrations will be involved, but also local authorities, private organizations and volunteers will also take part. Subsequently, it appears that privatization, means-tested welfare provisions and decentralization of tasks are the new trends (Kapstein and Milanovic 2001). The necessity of reform is beyond question and will involve less generous benefits, reduction of eligibility criteria and a shift from universal to means-tested benefits. In more practical terms, such reforms will, very likely, mean the transition toward a "residual" welfare state (Standing 1996).

With the first introduction of market-oriented reforms, numerous observers have affirmed that post-communist countries will finally converge to

the model present in the West and that no clear differentiation will soon be possible. As a consequence of globalization, Burawoy (2001) has argued, that a new form of global capitalism is emerging. Other scholars, in sharp contrast, have pointed out that, due to national historical backgrounds, the study of capitalism means in reality the study of “comparative capitalisms” (Stark 1996; Stark and Bruszt 1998, 2001; Eyal et al. 2001, 2003; see also Albert 1993; Esping-Andersen 1990; Rhodes and van Apeldoorn 1997; Streeck 1997; Hall et al. 2001). Researchers should therefore focus their attention not on a single capitalist model, but on a variety of capitalisms. If this pattern is real, then comparative social policy should attempt to answer the question of whether the post-communist capitalism (or capitalisms) will: a) reproduce the welfare state already in place in Western Europe; b) result in a common peculiar Eastern welfare state; or c) create so many welfare states as many economies in transition. In other words, it has to be asked whether we are witnessing the emergence of a new European welfare regime and, if yes, whether this regime is in accordance to EU standards.

The Research Design

This study has followed the classical stages of any research design in social sciences: examination of previous theoretical frameworks, formulation of hypothesis, operationalization of concepts, selection of the areas of study, collection of data, analysis of the empirical material and explanation of findings.

The starting point of the investigation has been the search for a suitable *theoretical domain*. Here, the most debated theories on welfare state dynamics have been explored. The aim was not only to compare different social policy theories in order to see which one was the most appropriate, but also to see whether there was the need of some addition or revision. As a result, three other theoretical frameworks have been taken into account: path dependency theory, new-institutionalism and neoclassical sociology. These are all sociological approaches that primarily focus on institution building but have become crucial in the explanation of Central and Eastern European welfare states. In this region welfare structures face not only processes of natural development and mutation, as it could happen in the West, but also processes of institutional creation. The most appropriate theory able to elucidate these processes has been identified in a synthetic approach, which considers historical legacies, institutional settings and social interactions of individuals as determinant factors for the development/creation of new welfare institutions.

The second step consisted of the *formulation of a clear hypothesis*, which could test the theoretical domain recently proposed and which could also highlight the logical consequences of the theory adopted. More concretely, the principal hypothesis has followed this logic. Since there is now a significant agreement on the fact that different capitalist models may result in the formation of different welfare regimes, and that the development and creation of a determined welfare regime is strictly connected to the historical, institutional and cultural legacies of the countries in which welfare institutions grow (see chapter one), a common socio-political background should lead to the emergence of a common, unique welfare regime. In case of this study, the assumption is that forty years of communism may have produced a system of values and institutions, which is likely to survive the homogenising pressures of more recent transformation, resulting in the materialization of a common post-communist welfare state.

The third stage has involved the *operationalization of concepts*. Here, it has been necessary not only to define, in the clearest possible way, the hypothesis mentioned above, but also to find the necessary measures to test it. The basic concept has been found in the convergence/divergence principle, which examines the factors of divergence from western European welfare states, but also the factors of convergence within the Central and Eastern European region³⁷. Consequently, this conceptualization has been turned into variables and indicators with the aim of allowing more precise empirical observations. In particular, it is crucial in identifying a common set of characteristics which unites these *welfare states in transition*³⁸ and which makes them a particular “model”. These have been identified in the persistence of common features originated in the communist or pre-communist past.

The fourth step has involved the *identification of the areas of study*. Here, it is essential to test the convergence/divergence principle in three main domains. First, the convergence/divergence principle has been tested on the western model of welfare. Instead of simply focusing on how a determined scheme may be “transferred” from one region to the other, it is considered more important to examine whether a social security system proposed from outside can successfully be introduced by design in the region without defensive or adaptive strategies. This would inexorably change the

³⁷ I owe a huge debt to Frank Ettrich for valuable discussions on this topic.

³⁸ For the definition of “welfare states in transition”, see Esping-Andersen (1996).

nature of the model suggested in advance. In this case, the western model *per se* has not been taken into account (assuming it exists), but instead the ways in which it changed in order to adapt to the new environment are taken into consideration. Second, the convergence/divergence principle has been tested on countries within the Eastern European region. In particular, it crucially attempts to identify the persistence of special path-dependent features in five main welfare state sectors (pension, health care, protection against unemployment, social assistance and family support). These five areas are the core of each welfare state and represent the place in which cohesive, and disgregative, factors are easily identifiable. Finally, the convergence/divergence principle has been investigated in the attitudes of European citizens toward social inequality. The aim of this is to discover whether clear-cut differences within Europe and among social groups persist in the support for a determined model for welfare.

In the final stages of the research, the data is collected, analysed and the main findings summarized. In particular, this has involved the study of official reports prepared by the European Commission and other research institutions on the transformation of Central and Eastern European social security systems, but it has also included discussions and interviews with policy makers of the region. In addition, close to the analysis of the ISSP dataset on the attitudes toward social inequality, an indepth examination has been conducted on the Luxembourg Income Study datasets. Here, the aim was to improve understanding of the impact of social transfers in seven Central and Eastern European countries to suggest future possible reforms.

Organization of the Book

In order to facilitate the reader, the book has been constructed on three different levels. Part I focuses on the most debated theories and classifications about the establishment and development of welfare structures in Europe. More specifically, while chapter one introduces to the study of comparative welfare states, chapter two provides a brief overview of path dependency theory and the most discussed approaches to institution building. This chapter also offers a comprehensive description of the role played by international organizations in the creation of post-communist social policies. The main objective here is to supply a more comprehensive conceptual framework able to explain the transformation of Central and Eastern European welfare states.

Part II investigates the most recent developments in Central and Eastern European social policy. Chapter three, four, five, six and seven look at the changes occurring in five main welfare state sectors: pension, health care, protection against unemployment, social assistance and family support. By providing the most up-to-date information on the current structures and reforms implemented, these chapters aim to present a clearer picture of Central and Eastern European welfare reforms.

Part III analyses two household surveys. Chapter eight examines the attitudes towards social inequality among European citizens, by using the dataset Social Inequality III provided by the International Social Survey Programme (ISSP). This chapter tries to quantify the support for a more redistributive policy-making. Chapter nine investigates the change in income inequality and the impact of social transfers in seven Central and Eastern European countries. This chapter is based on a set of 16 household income surveys made available by the Luxembourg Income Study (LIS). Its main aim is to monitor and to analyse possible repercussions of reforms on the population. Finally, this book examines the challenges that modern welfare states are facing, such as the acceptance of a new welfare consensus, globalization and the Europeanization of national social policies. It concludes by reflecting on how Eastern welfare states will fit in the future EU welfare regime.