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## Lessons learned and open questions

*Welfare state building in post-communist EU member states*

"Democracy" in post-communist Europe is strongly associated with high levels of state-sponsored social protection, indicating a culture far removed from the prevalent system of market-mediated private provision. The dissatisfaction with democracy expressed by the many not to have benefited from transition suggests CEE welfare states have a long way to go before they attain western levels of credibility. Their democracies depend on that gap being bridged.

All the new member states that joined the EU in 2004 and 2007 — apart from the one and a half small Mediterranean islands of Malta and the southern part of Cyprus — share the quality of having emerged, after 1989, from the economic, social, and political regime of state socialism. One of the recurrent themes throughout the chapters of this volume<sup>1</sup> are the following questions: To what extent can the evolution of CEE welfare states be accounted for in terms of path dependency and the continuity of state socialist as well as those institutional patterns that were adopted in the region during the interwar period? And to what extent do we encounter path departures that were conditioned by the two dominant novelties of (a) the breakdown of state socialism with the subsequent deep transformation crisis and (b) the accession of the new members to the European Union and its patterns of capitalist democracy, as well as the conditionalities governing eastern enlargement? In dealing with these questions, the authors share an analytical frame that dominates much of the academic literature on current affairs in CEE. Stated at the most general level, this frame suggests that what we see happening in the region must be accounted for in terms of a joint outcome of "the past" and "the West".

As far as the past is concerned, the vanished state socialist institutional system nurtured, during its rule of roughly 40 years, expectations and notions of social justice that persisted after its demise, most importantly the expectation that government must take responsibility for high levels of employment. "Well after the transition, expectations about an expansive role for the state remained extremely high".<sup>2</sup> Moreover, institutional legacies, most importantly a strongly "Bismarckian" pattern of providing for social security, were inherited by countries of the region from the interwar period. Concerning "western" determinants of the shape of welfare state transformations in the region, there are also two factors of influence. One is the role of international financial institutions, such as the World Bank, in making strong and "conditionalist" suggestions as to how post-socialist states must adjust their pension and health systems. This was particularly the case when they were facing huge revenue deficits under the impact of the transformation crises of the first half of the 1990s. The other western factor is the European Union and the eastward

diffusion of the various welfare state models of its member states. This role has been interpreted as following a "push" and "pull" mechanism. The push mechanism, originating with the EU Commission and the treaties of Maastricht (1992) and Amsterdam (1997), became effective when the prospects for eastern enlargement began to necessitate the "rationalization of social expenditure"<sup>3</sup> in what were becoming candidate countries. But at least equally strong was a pull factor, which consisted in CEE political elites looking for templates in western European welfare states and drawing upon proposals coming from international organizations (the World Bank, ILO, Council of Europe, OECD) in order to adjust their own systems accordingly (Schimmelfennig and Sedelmeier, 2005).<sup>4</sup>

To these two complex bundles of variables, we might be well advised to add two more, namely the power position, political resources, and strategic opportunities that political elites enjoy and that (various categories of) non-elites are to a greater or lesser extent deprived of. Here, the weakness of the often deeply fragmented post-communist trade unions comes to mind. In contrast to the external parameters of "the past" and "the West", these are internal variables that unfold their causal impact within the new political institutions and socioeconomic conditions of the new member states; as such, these variables are promising candidates for explaining variation among — rather than common features and trajectories of — states in the region. The author who most clearly and consistently adopts the analytical perspective of power resources and strategic action is Pieter Vanhuysse.<sup>5</sup> Needless to say, the two analytical perspectives are in no way mutually exclusive, as external actors (both representing the EU and the "past" of post-socialist societies) do wield power, too, and as domestic power holders are, for their part, empowered by the conditions and opportunities that emerged in the sequence of breakdown, transformation, and eventually EU integration. The features of this sequence allow us to understand which power resources enjoyed by elites of the old regime could be preserved and converted into the context of the new one, and which could not.<sup>6</sup>



Social housing in Sofia, 2008

Instead of dwelling on these issues of building and combining causal variables and models, I want to use the limited space of these reflections to focus upon two sets of factors that are, as it were, to be located at the very beginning of

welfare state transformation in the region and at the very end of it. Less cryptically put, I want to address the prevailing values, ideas, social norms, attitudes, and expectations, i. e. the *ideas* that inform both elites and non-elites. I also want to focus upon the performance, achievements, or final *outcomes* of social policies in the new member states, the ways in and the extent to which they actually provide security and life chances to their constituencies/clients and are thus effective in fighting exclusion.

### The underlying value system of CEE welfare states

Any system of social security and the provision of services draws an implicit demarcation line. This line divides categories of risks and contingencies that belong to a sphere that the respective individuals affected by such conditions can be expected to *cope with by their own means*, on the one hand, from those categories of conditions that *call for collective provisions*, on the other. If I suffer from a common cold, I am, according to the logic of most welfare states and health systems, on this side of the line, as I am supposed to know what to do (and actually act upon that knowledge) in order to achieve a speedy recovery and to pay for whatever it costs to get there. In contrast, if I suffer from pneumonia, the remedial measures to be taken are typically specified by, provided for, and financed through public and other collective arrangements (insurance, licensed medical institutions, tax-subsidized occupational health plans, etc.). In this way, welfare states can be looked at as sorting machines which assign deserts, rights, or legitimate needs—to-be-taken-care-of to categories of people in specified conditions, while leaving other conditions to the sphere of what is considered "normal": you have to cope with them by your own means, relying on markets and family support, or, failing that, simply accept them as unfortunate facts of life. Within welfare states and longitudinally, this demarcation line is never fixed and essentially contested. But cross-sectionally and between welfare states, the location of this divide differs greatly between individual states as well as types of welfare states.

The state socialist culture of social policy has located this moral demarcation line very far away from the extreme of market-mediated private provision and very close to the opposite extreme of the comprehensive caring state. The basic fact that there was, at least officially, no labour "market", but a pervasive system of administrative allocation of labour to jobs and status rights of jobholders, was (rightly, for the duration of the system) seen as a blanket protection of the entire population from the risk of unemployment. Expectations of non-elites converged with the strategic orientation of the monopolistic ruling party in that benevolent state paternalism should govern most spheres of need (including, for instance, basic food, housing, education, vacation trips) of most categories of persons.<sup>7</sup> Strategically, the institutions that were designed to embody and implement this set of social policy norms operated in the service of the objectives of keeping workers dependent, disciplined, and acquiescent, of rewarding loyalty towards the regime (as well as threatening sanctions for disloyalty), preventing "petit bourgeois individualism" and social differentiation among the worker-citizens, and of motivating work effort and productivity through the comprehensive guarantee of (job, income, housing, health, civic etc.) security. Services and benefits were allocated to a large extent at the point of production and through managerial discretion, rather than on the basis of individual rights that could be enforced in court. The system that provided security was distinctively "productivist", in that social rights of citizenship (as opposed to status rights of workers) played at best a marginal role.<sup>8</sup> Collectivist and paternalist care privileged those preparing themselves for playing productive roles in schools and universities, those presently involved in the process of production, and the reproductive function of women (as well as in the process of the state's administering, policing, and protecting society from its "enemies"). People outside of (re)productive roles, mostly pensioners, were significantly worse off in terms of social protection. (The latter fact provides reason to caution against mistaking state socialist social policy for being based on "citizenship"; rather, effective citizenship was based upon the performance of the various "productive" roles just mentioned.)

I have focused upon this highly consistent set of norms, institutions, and strategies (which presumably were mutually reinforcing) in order to address the question: what happens to the *norms* in case the *institutions* are no longer in place — be it due to the fact that they are no longer affordable as a consequence of the privatization of enterprises and ensuing transformation crises, or due to liberalization and democratization as a consequence of which state paternalism is exposed to challenges and hard budget constraints? My tentative answer is that norms and expectations that belong to the "comprehensive paternalist care" syndrome *do not vanish* with the corresponding institutions, but survive them for a substantial period of time, and may even gain in strength (due to effects of nostalgia) when their supporters have to face the consequences of the disappearance of such institutional patterns under the impact of incipient democratic capitalism.

If I am not mistaken, there is a pervasive though implicit hierarchy in the interest scholars take in welfare states after state socialism. Much of the comparative literature focuses upon the Visegrad states and the Baltic states, while much less data and analysis seems to be available on the two South East European member states of Bulgaria and Romania. Even less widely covered are conditions and developments in the Western Balkans, with the rest (Ukraine, Moldova, Belarus, Russia) remaining almost entirely a matter for country specialists. There is very little about the GDR, the most prosperous of the CMEA states. An obvious place (if under-utilized in the scholarly literature) to test the hypothesis (or "cultural lag theory" of transitions from state socialism) is the part of Germany that used to be, until the formal end of that state through unification in 1990, the demographic and territorial basis of the GDR.<sup>9</sup> Even after a time of almost 20 years since the end of the German case of state socialism, the normative demarcation line between public and individual responsibilities continues to show up clearly in opinion surveys comparing eastern German and western German samples. Like in a natural experiment, the former-GDR (the only example of transition through state *merger*, or the death of one state, as contrasting to the six CEE cases of transition through the *separation* of states, or state births) allows us to study the robust afterlife of the normative underpinnings and guiding ideas of state socialism. To summarize just a few findings from recent German surveys: eastern Germans favour a significantly more substantive definition of "democracy" compared to the formal and procedural definition that western Germans apply. Fifty-five per cent of eastern respondents (vs. 39 per cent in the west) believe that "democracy" implies that the state provides jobs and is responsible for reducing unemployment, and 40 per cent (vs. 26 in west) think that a truly democratic state must control the banks. Similarly, in 2006, 74 per cent in the east believed that "socialism is a good idea badly implemented", a statement that only 49 per cent in the west agreed to. The surviving semantic of "democracy" is strongly associated in the region with distributive justice and high levels of state sponsored protection. Hence the perceived deficiencies of "democratic" outcomes, thus understood, explains the significantly greater dissatisfaction with "how democracy works" in the east as compared with the west.

As the transition from state socialism to democratic capitalism that took place in the region after 1989 is without historical precedent, and as it was not guided by any revolutionary project or programme (but rather "happened" unexpectedly), there was no coherent model or template according to which the transformation was to be conducted. Hence the distinctive pattern of (social) policy-making. The making of post-socialist welfare states occurred in a mode of emergency policy-making, the recalibration of existing

institutions under many economic and political constraints, according to a pattern of ad hoc measures and *bricolage*, with many turns, a high degree of volatility, and the result of "faceless" hybrids being adopted in the various countries that differed both from each other and from the existing, ideologically somewhat consistent welfare states in western Europe, be they of the "social democratic", "conservative" or "(neo)liberal" variety. Conditions in some of the CEE countries were shaped, moreover, by their specific ethnic composition and ethnic tensions and religious cultures (which do not show up in these chapters as possible independent variables for explaining welfare state structures and trajectories).

### **Outcomes: Security, inclusion, and the distribution of life chances**

As we know, new member states are generally poorer than the old ones, and they are going to remain so for a generation or more. They are also relatively poor performers in terms of a "just" distribution of life chances. Merkel and Giebler<sup>10</sup> have undertaken a heroic though instructive attempt to build an "Index of Social Justice" (ISJ) and apply it to 30 OECD countries, among them the four members of the Visegrad group. The Index has values from 1 (worst) to 10 (best) and consists of seven dimensions of social justice (poverty prevention, education, labour market performance, social expenditure on health and cohesion, income distribution, intergenerational justice, anti-discrimination policies), each of them operationalized by one or more pertinent empirical indicators. In the resulting index, poverty is weighted by the factor 4, education by 3, and labour market performance 2. In spite of these somewhat arbitrary quantitative operations, the results are remarkably plausible. All five Scandinavian countries are at the top of the list of 30 countries, most of the continental old member states are in the second quarter of the ranking, followed by Slovakia (rank 14), Czech Republic (15), Hungary (16) and Poland (with a distant rank of 26, just above South Korea). As these four countries are, together with Slovenia, the economic and political "success stories" among the new member states, the remaining five (on which comparable data are not available) are likely to fare considerably worse. At the same time, the "social justice" performance of the four countries is mostly better, according to these measures, than that of the Anglo-Saxon welfare states, following on ranks 18 (Australia), 21 (UK) and 24 (USA).

Another way to measure welfare state outcomes is to look at degrees of subjective satisfaction with conditions in post-transition and post-accession. The European Bank of Reconstruction and Development<sup>11</sup> has generated an extensive database by which these questions can be answered. One question concerned the priorities for "extra (government) investment". Without exception, "health care" was named as the number one priority in all ten countries, with "pensions" coming a close second. This pattern seems to reflect the widely held view that social protection remains deficient in these two core areas of any welfare state. Another set of questions concerned the preferability of "democracy" and "market economy" over other political/economic systems. An interesting finding is not so much the level of positive answers (which were roughly between one half and three-quarters in the case of "democracy" and between two-fifths and three-fifths in the case of "market economy"), but the distribution of favourable opinions across age and income categories. Again, an amazing uniformity emerges. With two exceptions (Slovenia, Hungary) the strongest supporters of democracy are to be found in the 18-34 age bracket and the "upper" income category, while the agreement of older and poorer persons was consistently lower and dropped in many cases below the 50 per cent line. This pattern shows up even more distinctively in the case of support

for the market economy, where virtually only the young and the better off are above the 50 per cent line (again, with the exception of Slovenia). A final item to be considered here are answers to the question: "All things considered, I am satisfied with my life now." Again, the peak values of positive answers are to be found among the young and the wealthy (i.e. those least dependent upon social security, poor relief, and welfare state services) while the majority of the non–young and the non–wealthy almost consistently drop below 50 per cent (again, with the exception of Slovenia and, here, Estonia). These findings leave us with the question: are post–transition welfare states, as well as the institutional structure of the economy and the polity, preferred just by the minorities of those who have succeeded under them (or at any rate hope to do so)? If so, there is little reason to believe that the performance of these institutions has so far earned them the widely shared trust and credibility that they may depend upon for the sake of their stability. From findings like these it seems safe to conclude that CEE welfare states have a substantial distance to travel before they reach the standards set by western continental states, to say nothing of the Scandinavian ones. The consolidation of their democracies and their firm integration into the EU institutional framework will only be safe if they actually manage to bridge that gap.

### **Welfare state development and the ongoing dynamics within the enlarged European Union**

Nicholas Barr<sup>12</sup> has nicely summarized the strategic dilemma that underlies the European politics of accession/enlargement. This dilemma, according to him, is captured by two questions: (1) "Were the accession arrangements [as they were negotiated by EU–15 elites with candidate countries] sufficiently *parsimonious* for EU politicians to sell them to their electorates". In this perspective, arrangements may not be "*too* generous". Conversely, the other question had to be asked: (2) "Were the proposed arrangements sufficiently *generous* that politicians in the accession countries could sell them to *their* electorates?" (Emphasis added, CO). Between these two limiting conditions, a "middle ground" had to be found. Yet it was (and remains under the post–accession turbulences) uncertain whether such a meeting ground does exist at all. In other words, there is the possibility that the two equilibria do not add up to an encompassing equilibrium.

There was also a clear asymmetry as to the dominant motivations on either side. As seen from the vantage point of the new member states, joining the EU involves the *political* sacrifice of complying with the rule of European "external governance". The newly independent nation states, who gained their sovereignty after 1989, have strong memories of being forcibly integrated into the Soviet supranational systems of CMEA and the Warsaw Pact.<sup>13</sup> It implies, *inter alia*, the adoption of the *acquis communautaire* with its 85,000 pages of legal norms, in the making of most of which new member states had no say, as well as compliance with the Maastricht convergence criteria. This sacrifice remains politically tolerable at the level of domestic politics of new member states only to the extent that it is seen to be offset by tangible *economic* gains that EU integration is seen to yield in terms of growth and prosperity. The perspective of the old member states of EU–15 is a perfect mirror image of this trade–off of political and economic considerations. Here, the *economic* sacrifices that most of western European economies make, at least in the short run, in terms of the outflow of investment and EU funds, as well as the inflow of migrant labour, are to be compensated for by enhanced prospects for *political stability* within the new capitalist democracies of the CEE region.<sup>14</sup> Both balances show symptoms of stress and precariousness at the end of the

first decade of the twenty-first century.

As to the CEE balance, the gains of prosperity and security enjoyed by the new capitalist political economies, together with their new welfare states and their supranational integration into the EU, are widely seen to be too moderate and too unequally distributed to compensate for the loss of national autonomy. Unsurprisingly, given the weakness of liberal traditions of political culture in the region, this imbalance provides vast political opportunities for ethno-nationalist, populist, and anti-European mobilization within virtually all of the new member states.<sup>15</sup> Such responses will also be fuelled by the experience that the financial market crisis is affecting EU member states in highly unequal ways, with the new member states in a vastly inferior position compared to at least some of the old member states. The unwillingness and incapacity of the latter<sup>16</sup> to engage in an EU-wide effective crisis management when it comes to defending new member states' economies against the impact of the crisis will also contribute to anti-Europeanism. These economies are to a large extent dependent economies, both concerning their financial as well as their manufacturing sectors. As an illustration of the latter, the Hungarian government has claimed just before the accession of the country in 2004 that a full 40 per cent of the Hungarian GDP was generated by German subsidiaries in Hungary, a figure that indicates an extreme degree of vulnerability in case the German economy should contract.<sup>17</sup> The pattern is clearly confirmed by financial market developments in early 2009. Dependency means that if the west catches a cold, the east will begin to suffer from pneumonia. Hence the widely asked question in the CEE region, among elites and non-elites alike: was accession really worth the sacrifices in terms of *political autonomy* that it involved?

As to the western version of the equation, there are growing doubts as to whether the logic of eastern enlargement, namely the logic of investing, through opening capital and labour markets to the region and offering assistance out of EU funds, will actually yield the hoped-for returns in terms of political stability in CEE and Europe-wide cooperation. If anything, these doubts are heightened (or at least justified) by the perception of symptoms of an anti-liberal, ethnocentric and anti-European backlash on the scene of politics in many of the new member states. Mungiu-Pippidi<sup>18</sup> lists the following indicators of this backlash: the advance of populist groups, political radicalization, weak majorities, factional behaviour within unstable parties and governing coalitions, occasional violations of democratic standards (such as the rigging of elections). Apart from tiny Slovenia, even the best economic growth performers of the region — the Czech Republic, Poland, Hungary — have all been backsliding in assessments of their democratic evolution between 2000 and 2007. Internally unstable and externally (concerning the European integration agendas) uncooperative political elites are clearly giving rise to doubts in the old member states: was enlargement really worth the effort in terms of the *economic burdens* it involved? Unsurprisingly, these doubts intensify at a time when not just global financial and economic crises emerge, but more specifically, when accession itself is a done deal and conditionality has lost most of its pre-2007 leverage. For on "the day after accession [...] the influence of the EU vanishes like a short term anesthetic".<sup>19</sup>

The speculation may not be far off the mark that the conditions that "Brussels", i.e. the old member states imposed upon candidate countries were as severe as they were exactly because the closing of the conditionalist window of opportunity could be anticipated. As old member states "did what they could", prospective new member had to do what they could, and arguably more than

that. Nicholas Barr (2005) has raised a question that is clearly up to future historians to provide a conclusive answer to: have the terms of accession (for example, the *acquis* plus the convergence criteria of the Stability and Growth Pact) as they were defined by the old member states actually *helped* the economic and political transition in the post-socialist region of central and eastern Europe? Barr cautiously suggests that "considerable worker protection", as mandated by the *acquis*, in combination with macroeconomic conditionality (for example, tough budget constraints resulting from convergence criteria) "unnecessarily aggravated the costs of transition"<sup>20</sup> and prevented the new member states from sustaining the "high welfare spending directly connected with transition, for example unemployment benefits and poverty relief".<sup>21</sup> Under the constraints imposed by accession, even robust growth may be prevented from translating into equally robust social protection. It remains to be seen how remaining deficiencies in social protection and poverty relief affect political stability in the region should elite strategies of "divide and pacify"<sup>22</sup> no longer be viable.

I have been considering here, in an admittedly speculative manner, causal relationship between four macro variables: the (1) conditions of accession; (2) their impact upon economic performance in old as well as new member states; (3) the consequences for welfare state performance; and (4) political stability (rule of law and democratic consolidation). First, whether accession conditionality promotes or weakens economic performance in the region is a question the answer to which is unlikely to be equally valid in the short vs. the long term, or for immediate geographic neighbours of the old member states vs. the more remote countries. Yet economic performance of the new member states remains inferior to that in the old member states, and is very likely to remain so for the foreseeable future. In 2010, it is only the Czech Republic and Slovenia that are forecast to surpass the 50 per cent mark of GDP per capita, with the yardstick of 100 per cent being the EU-15 average. Even if the highly optimistic assumption should turn out to be true, for example a 3.5 per cent annual growth rate for the EU-10 and 1.5 per cent for the EU-15, the forecast for 2030 is that only the two top regional performers, the Czech Republic and Slovenia, will perform slightly better than the EU-15 average.<sup>23</sup> Growth performance may be affected by EU membership in various ways. Access of manufactured and agricultural products to western markets is clearly critical, as is foreign direct investment, itself partly a dependent variable of political stability. Yet the regulatory regime of the *acquis*, the brain drain of skilled manpower, the economic dependency upon western economies, as well as the budgetary convergence constraints may all play a role in reducing growth rates.

Second, welfare state development and the proportion of social expenditure is related to GDP per capita by the rule of thumb that the *percentage* of welfare spending increases with the *absolute size* of GDP. This equation, however, is likely to be significantly modified by the fact that the economies of the new member states must compete for investment through maintaining comparative advantages in terms of labour costs, including non-wage costs of labour such as contributions to social security systems. The other major parameter of competition is the rate of direct (corporate) and indirect taxation. Several of the new member states have adopted very low flat rates for these taxes (in Bulgaria, as low as 10 per cent), which implies significant revenue constraints and severe limitations on social spending. Thirdly, there must be some kind of causal link between growth performance and welfare spending/social security, on the one hand, and political stability/democratic consolidation, on the other. The nature and direction of these causal links remains a matter of great

scholarly as well as political interest, with the players within the political party system, the patterns of political culture, and the structure of interest representation playing mediating roles.

Concerning the third of the above causal links — the impact of social policy generosity upon political stability — is clearly of key interest to observers of and participants in developments in the region. Much of current research suggests that the stability of the democratic regime form depends on good welfare state performance. For instance, Carles Boix<sup>24</sup> has suggested the straightforward argument that conflicts of interest can be processed within the framework of democratic procedures only as long the losers of an election (or other forms of collectively binding decision making) have reasons to hope for a better outcome of the next election or negotiation. Such hope, in turn, is supported if "the political and organizational resources of both the majority and the minority become more balanced". "The distribution of income may affect the chances of introducing and sustaining a democratic regime", because "as the less well-off grow richer and their income comes closer to that of high-income voters, economic tensions decline", and both the rich and the less rich are increasingly inclined to accept a existing democratic regime or supranational authority. This reasoning is confirmed by the fact that the probability of democratic breakdown is up to 6.6 per cent per year in societies with a Gini Index of above 0.5, while it has been zero between 1950 and 1990 in societies with a Gini Index of below 0.35.<sup>25</sup> Similarly, the stability of institutions of regional integration (such as the EU and its logic of supranational authority-pooling) depends on the relative socioeconomic homogeneity of its constituent member states. Yet with the second round of eastern enlargement in 2007, the EU-27 shows a Gini of 0.399, worse than the US (0.394); exactly a third of the total population of EU-27 live below half the median of the original EU-6 core countries. Such findings make it possible to conclude that unless income and social security can be enhanced and brought to some convergence, both within individual member countries and between them, liberal democracies within the new member states as well as their stable institutional integration into the EU will be jeopardized.

All these empirical patterns, analytical categories, theoretical explanations, and predictions may, however, have already begun to undergo a process that renders them obsolete. As we enter the new era of global economic and financial crisis, to which the new member states of the EU are significantly more vulnerable than most of the old ones, neither economic nor political developments can be grasped by pre-crisis concepts and assumptions, let alone predicted or shaped.

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<sup>1</sup> The present article is slightly edited version of the chapter that appears in Alfi o Cerami and Pieter Vanhuyse (eds), *Post-Communist Welfare Pathways: Theorizing Social Policy Transformations in Central and Eastern Europe*, New York 2009. The paper was first published by Hertie School of Governance, Working Papers, No. 40, March 2009.

<sup>2</sup> Haggard, S. and Kaufman, R. R., *Development, Democracy, and Welfare States*, Princeton: Princeton University Press 2008, 308.

<sup>3</sup> Ibid. 344.

<sup>4</sup> Schimmelfennig, F. and Sedelmeier, U. (eds.), *The Europeanization of Central and Eastern Europe*, Ithaca/ London: Cornell University Press 2005.

<sup>5</sup> Vanhuyse, P., *Divide and Pacify. Strategic Social Policies and Political Protests in Post-Communist Democracies*, Budapest, CEU Press 2006; also Alfi o Cerami and Pieter Vanhuyse op. cit.

<sup>6</sup> Stark, D. and Bruszt, L., *Postsocialist Pathways. Transforming Politics and Property in East Central Europe*, Cambridge, Cambridge University Press 1998.

- <sup>7</sup> Offe, C., "The Politics of Social Policy in East European Transitions: Antecedents, Agents, and Agenda of Reform", *Social Research*, 60 (1993), 649–684.
- <sup>8</sup> Even today, social policy ideas such as basic income guarantees are virtually unknown in the region.
- <sup>9</sup> Alesina, A. and Fuchs–Schuendeln, N., "Good–Bye Lenin (or not?): The Effect of Communism on People's Preferences", *American Economic Review*, 97 (2007), 1507–1528.
- <sup>10</sup> Merkel, W. and Giebler, H., "Measuring Social Justice and Sustainable Governance in the OECD", in Stiftung, B. (Ed.) *Sustainable Governance Indicators 2009*, Gütersloh, Bertelsmann 2009.
- <sup>11</sup> European Bank for Reconstruction and Development (Ebrd), *Life in Transition. A Survey of People's Experiences and Attitudes*, London, EBRD, 2007.
- <sup>12</sup> Barr, N., *From Transition to Accession*, Washington: World Bank 2005. 16.
- <sup>13</sup> Schimmelfennig, F. and Sedelmeier, U., "Governance by Conditionality: EU rule transfer to the candidate countries of Central and Eastern Europe", *Journal of European Public Policy*, 11 (2004), 661–679.
- <sup>14</sup> Fuchs, S. and Offe, C., "Welfare State Formation in the Enlarged Euro–pean Union. Patterns of Reform in the Post–Communist New Member States", in Rumford, C. (ed.) *The SAGE Handbook of European Studies*, London: Sage 2009.
- <sup>15</sup> Mungiu–Pippidi, A., "Is East Central Europe Backsliding? EU Accession is no End of History", *Journal of Democracy*, 18 (2007), 8 –16.
- <sup>16</sup> "There is no joint fiscal policy, no joint tax policy, no joint policy on which industries to subsidize or not", writes the *New York Times* (2 March 2009) in an article titled "Growing Economic Crisis Threatens the Idea of One Europe".
- <sup>17</sup> Sinn, H. W., *Ist Deutschland noch zu retten?*, München, Econ 2003, 65–66.
- <sup>18</sup> Op. cit. 9.
- <sup>19</sup> Ibid. 16.
- <sup>20</sup> Ibid. 20.
- <sup>21</sup> Ibid. 17.
- <sup>22</sup> Vanhuyse, op. cit. 2006.
- <sup>23</sup> Data quoted from Fuchs and Offe op. cit. 2009, Table 2.
- <sup>24</sup> Boix, C., "The Institutional Accomodation of an Enlarged Europe", *Europäische Politik (04)*, Bonn: Friedrich Ebert Stiftung 2004.
- <sup>25</sup> Ibid. 2

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