

Social Policy and the Global Crisis: Consequences and Responses

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Three dimensions of welfare transformation.

Welfare reforms and poverty in post-socialist Hungary, Poland and Estonia

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Introduction

This paper deals with an important, albeit mainly unexplored, domain of comparative social policy studies, concerning the relationship between poverty and welfare reforms in post-communist countries. The aim of the work is three-folded. First, it seeks to understand how institutional change can affect the distribution of social inequality among social, economic and demographic categories. Second, it tries to deepen our knowledge of recent reforms in order to assess the extent to which anti poverty policy may contribute defining boundaries of inclusion and exclusion. Third, the research aims at providing new directions of analysis for post communist welfare states, going beyond conventional distinctions among welfare “regimes” (Esping-Andersen 1990; 1996) and analysing the direction of social policy change implemented during the first twenty years of economic and political transition. The inquiry focuses on the transformations occurred in the realms of unemployment, social assistance and family benefits during the last twenty-five years in Hungary, Poland and Estonia.

A major assumption in this work refers to the analysis of institutional mechanisms of redistribution as a key aspect of contemporary poverty studies. The examination of poverty cannot be limited to the description of paths of exclusion from the labour market or to individual conditions/disadvantages which can engender social marginalization. Understanding in depth this phenomenon also requires an analysis of the institutional context in which anti poverty policies are *designed*, if we follow Chiara Saraceno’s approach according to whom *the construction* of poor and socially excluded groups as social categories represents a major aspect of paths leading to poverty and social exclusion (2004).

Furthermore, analysing the strategies aimed at fighting poverty can provide important tools to comprehend the nature of the overall idea of social justice comprised in a given society and thus provides new trajectories of welfare states analyses. Accordingly, this work tries to follow the direction of change of post-transition strategies of social inclusion, in order to understand what forces have pushed for reforming (or *not* reforming) the anti poverty agenda, what dynamics have led this change, and how these transformations affected the redistribution among classes and social groups. While there has been a predominant interest in social policy studies in comprehensive welfare reforms (such as those concerning social security, health care and labour market), scarce attention has been paid towards the direct links between welfare reforms and anti poverty strategies,

especially with regard to the analysis of institutional design of these policies. This negligence can be attributed to a number of elements. First, it mirrors the smaller diffusion of reform processes in this domain of the welfare state, compared to those occurring in other areas of public policy. Second, it is linked to both the great fragmentation of social inclusion policies and to the frequent overlapping of those with other domains of intervention not directly aimed at reducing poverty.

To be sure, it should be referred also to the specific evolution of anti poverty programmes within the modern welfare states. The first measures of support to the poor, established and developed across western Europe between the XVII and XIX centuries for containing indigence and disciplining the poor, progressively lost their original function with the ongoing diffusion of economic wealth and with the consolidation of social security programmes that relieved in part the individual from his former dependence on the wage and from the charitable and stigmatizing assistance of the state (Ferrera 2005) This process made increasingly more residual the former aid to the poor provided by the State at local level and transformed the “function” of the welfare state, which became directed at preventing social marginalization by redistributing wealth across social strata. Understanding the context whereby social inclusion policies are designed can supply further elements of welfare analysis encompassing the dynamics which lead to the emergence of specific ideas of poverty, deservingness, inclusion. For example, the idea of poverty as a temporary phenomenon linked to specific phases of the life cycle (such as old age) is a product of the above mentioned process of transformation of the functions of the modern welfare states as well as a reflex evoked by the extraordinary faith spread during the second half of the XX century in social, economic and welfare development as a means to eradicate poverty extensively (at least from western societies). While poverty analysts started highlighting the persistence of poverty within advanced economies in the 1960s (e.g. Townsend 1965), new thrust to scientific and political interest in the struggle to poverty only emerged after the economic crisis following the two oil shocks in the 1970s. In this phase the debates on poverty and the appearance of the notion of social exclusion both contributed to the introduction of new dimensions of analysis, mainly referred to the relationships between social marginalization, economic deprivation and exclusion from the labour market. Accordingly, the tools to fight to poverty changed as well, and became more and more aimed at the social integration of those excluded from the labour market, to be accomplished by promoting activation measures and introducing non-contributory forms of income. As a matter of fact, while the struggle to poverty was becoming identified with the struggle to unemployment and social exclusion, during the last years the domain of social assistance has become increasingly identified throughout Europe with minimum income programmes and with unemployment schemes (Gough 1996). Nonetheless, recognising one sector of the welfare state within advanced economies

which comprises the whole anti poverty agenda can be a problematic task. Social assistance schemes are generally fragmented and the boundaries between one domain of intervention and the other in most cases are not clearly defined, as anti poverty measures can frequently overlap with health care schemes (whereas the social need derives from health conditions), labour market and family policy. This fragmentation of anti poverty policy has made the analysis of welfare reforms more complex and segmented, consequently reducing it to a review of legislative innovation or to ex-post assessment of the programmes. Little attention has been recently paid to the reform *processes* which have transformed the approach to poverty, both from a normative point of view and from the perspective of the “role” and distributive effects of the contemporary welfare state. The approach to welfare reforms in Central Eastern Europe welfare states slightly differs from the context of the “Old Europe”.

While anti poverty policy in western Europe had to re-emerge from its residual position, institutional innovation in the struggle to poverty received some scientific interest during the reconstruction process of Central Eastern Europe, though the reform of anti poverty agenda in transition countries had to deal with a *rudimentary* character (Milanovic 1996: 174) of social assistance inherited by communism in most Central Eastern countries. Social aid to the poor under socialism consisted in limited forms of support provided by local assistance centres. The extremely residual function of communist social assistance reflected the overall attitude toward poverty, directed at blaming the poor (called *parasites*) for their condition and for their alleged reluctance to benefit from the socialist system based on universal social “rights” and full employment. Deemed responsible for their own situation, able-bodied poor used to suffer from an exasperated marginalization: unqualified and underpaid social workers, high discretion in providing support, a definition of minimum living standards completely arbitrary and disconnected from social integration planning, aggravated stigmatization deriving from the banning any forms of philanthropic aid to the poor, all contributed to established a neglected sector of intervention, seen as “a foreign body in an otherwise perfect system” (Milanovic 1996: 175). If the taboo of poverty persisted until the end of the communist regime, the transition to the market economy soon revealed the extent of both hidden unemployment and spread poverty among the population. At the same time, the huge dismissal of former state enterprises and ongoing wages drop paved the way for the deepest contemporary economic crisis. Few years after the transition to the market economy, the World Bank reported the emergence of fifty millions of new poor people throughout Central Eastern Europe and former Soviet Union, half of whom belonging to the category of working poor (Milanovic 1994). As a result, the outbreak of both new and past forms of social inequalities

introduced the debate on social protection for the first time after years in many Central Eastern countries. Twenty years after the first steps of economic and social transition, the literature of post communist welfare states still requires a comprehensive analysis of the processes of dismantling, re-design and reconstruction of anti poverty agenda. In this paper we try to cope with this task by analysing the transformation of post-communist social inclusion policies through the concept of welfare recalibration, read as “an act of institutional reconfiguration and rebalancing” characterised by a deliberate shift of weight and emphasis among the various instruments and objectives of social policy” (Ferrera, Hemerrijck and Rhodes 2000: 71). This approach seems particularly suitable for our purpose, both for our analysis of the post-communist context and for our investigation on reform processes involving the construction of anti poverty policy. While institutionalist scholars have showed that welfare change and its retrenchment can be complicated tasks, the concept of recalibration can help describing how institutional manoeuvring which attempt at combining economic efficiency, social demand and political consent affects the formulation of social policy. Furthermore, the mere description of anti poverty measures can be inadequate to understand *how* and according to which principles anti poverty agenda has been designed in transition countries. This encouraged us to analyse welfare reforms in post communist countries from the point of view of three dimensions of welfare recalibration, which can provide crucial trajectories for comprehending the multidimensional character of welfare transformation. The normative dimension of recalibration processes, for example, deals with the *values* concerning individual, family, society and institutions responsibilities towards the social protection of the most vulnerable categories and to the overall role of ideas in social policy formulation, which is increasingly acknowledged as a crucial aspect of welfare analysis (Schmidt 2000; Beland 2005; Pfau-Effinger 2009). It is tightly linked to the following questions: *What idea of equality supports a given society? What normative 'philosophy' is hidden behind social policy reforms? What normative framework legitimise the redistribution among social classes? Who deserves social protection?* This dimension of welfare change can help us identifying the process involving the “social construction of the poor”, suggested by Saraceno. A further element of welfare recalibration relates to the extent to which reforms deal with the need to *adapt* welfare systems to the diffusion of new social risks, such as those derived from post- industrial change of family structure, demographic and labour market trends. Being related with the normative dimension, the analysis of functional welfare change also contemplates what strategies are introduced to respond to new “functions” of the welfare state and what group of social risks deserve protection. Finally, the distributive dimension of welfare change refers to the transformations occurring in the mechanisms of resources redistribution among social groups according to economic, professional and socio-demographic cleavages. This dimension of

change pertains to both entitlement criteria which mark the alternatives inclusion/exclusion and to those mechanisms affecting a re-balancing among different socio-economic interests.

In this paper we examine reform processes occurred since 1989 in transition countries with regard to those measures deemed fundamental for the analysis of anti poverty agenda. In this attempt we tried to go beyond the conventional identification of this sector of the welfare state with the realm of social assistance. An mere overview of social assistance schemes would be inadequate to encompass the whole range of cross-sectional measures implemented within different domains of the welfare state and yet recognised as elements of “an implicit policy against poverty and social exclusion” (Negri and Saraceno 1996: 12). Among these, public policy addressed to families are increasingly acknowledged as a crucial means to reduce noticeably the risk of poverty (Solera 1998). Furthermore, not only in the context examined in this paper family benefits indirectly constitute a major part of social support addressed to the poor (being families an outstanding percentage of the whole poor population in both Poland and Hungary), but the recourse to family benefits as a form of indirect income support also represent an alleged common characteristic of post-communist welfare state. Therefore in the next section of the paper reforms concerning family transfers will be analysed together with those involving social assistance and unemployment benefits. MISSOC, Eurostat, OECD and ILO database as well as national documents are used.

Hungary

The extraordinary upheaval characterising the first stages of the economic and political post-communist transition is well reported as far as Hungary is concerned, especially with regard to the pressure under which the new government found itself when it had to deal with the sudden interruption of the previous system of socialist planned economy in which social protection was also enshrined (Szalai and Orosz 1992). In that system, the universal redistribution of consumer goods, designed as a means to guarantee a minimum standard of living, had to compensate the population for the insufficient wages and for the denial of social rights. Nonetheless, the gradual opening up to the market socialism introduced by the “soft dictatorship” of Janos Kadar from the second half of the 1960s on helped sustaining living standards and supported the slow re-introduction of some pre-communist Hungarian mechanisms of social protection (such as universal retirement benefits). While a residual approach characterised both social assistance schemes and unemployment programmes inherited by communism, this was not the case for family policy: before the transition this sector used to absorb 4% of Hungarian GDP, compared to social spending for social assistance (which overlap with unemployment benefits), which represented less than 1% (Sipos and Tóth 1998). The development of cash transfers to family in Hungary- established since

1960s as one of the most generous programmes in Europe -was affected by the Hungarian model of social redistribution of early 1950s, whose main recipient was the family. Designed to supply female low-cost labour force, the pre-communist Hungarian familiaristic welfare state (consisting of both maternity benefits and child care allowances) differed from other post-communist pronatalist models whereas social supports to the families was not provided according to the dimension of the household, as it was conceived as a mechanism of redistribution addressed to middle classes but extended to the whole citizenship. In 1985 eligibility criteria for maternity benefits were loosened to extend cash transfers to each mother. Far from introducing an individual entitlement for women, this universalism should be assessed considering the paternalist approach these measures were based on and the sense of insecurity deriving from the lack of a recognised individual right, that used to bind the social aid to the discretionary power of social workers (Fodor et al 2002). Furthermore, it should be underlined that while the scope of such measures, formally directed at workers' families, was made technically universal due to the full employment regime, the extraordinary exclusion from the labour market introduced further elements of stigmatization, derived from the necessity to resort to “undeserved” protection. In the aftermath of the economic transition, great caution characterised the first attempts at the social and economic reconstruction. As it has been underlined, a process of welfare change was introduced, though it was implemented “without a strategy” (Kornai 1995: 37) and without a project of society consistent with the expectations of the Hungarian population (Ferge 1997). A proper debate on poverty was procrastinated and a number of consolidated policies, such as those addressed to families, kept acting as major mechanisms of income support. The overall first approach to welfare reforms after the transition reflected the need to pursue economic objectives, according to the suggestions of IMF and World Bank, who advised to reduce the cash transfers for families at “European” standards (Ferge and Tausz 2002). A number of elements of welfare reconstruction were introduced by the first post socialist government, such as the Social Act of 1993 (regulating for the first time the social assistance sector) and the Act on Local Settlement (introducing welfare decentralization). Nonetheless, the expectations for a new welfare order were mainly unmet as the reforms neither identified the responsibilities of local centres of social assistance or defined a poverty threshold to select social assistance beneficiaries. In this stage of the reconstruction process, any attempts at welfare reform was reluctant to cut social transfers, reflecting the normative attitude according to which the social costs of the transition had to be sustained by the new government. When the new government coalition took power in 1994, the need to reform the onerous welfare system by introducing the individualization of social risks became more explicit. The Bokros austerity plan of 1995 provoked public unrest among the Hungarian population, shocked for the sudden introduction

of selectivity mechanisms which would have excluded many households from their access to maternity and family benefits. For the first time after decades, the familiaristic pillar of the Hungarian welfare state (consisting of 35 forms of direct support to families) was to crumble under the pressure of economic restructuring. The massive protest against the Bokros Plan was something different from a mere request for re-introducing a universal entitlement to family benefits. It introduced the need for debating social justice in Hungary as well as an explicit emergence of the working classes' interests, demanding support for care costs. The consequent electoral failure of the coalition that made an attempt on the consolidated redistributive balance among social classes showed that welfare reforms are feasible, but that they can undertake a retrenchment path only whereas they reflect societal normative attitudes. This debate, together with the consequent re-introduction of the former legislation by the new centre-right government in 1998, deteriorated the condition of poor families: the acknowledgment of specific needs (different from those of “regular” families”) requiring specific mechanisms of support was denied to them. While family benefits continued acting as major means to support income, a crucial normative shift marked the resurface of the distinction between deserving and undeserving families. The direction of change introduced by the Orbán “Government of the families” can be gathered from the new approach to the distribution of social rights:

“There are families in Hungary that made huge efforts in the last ten years to secure for themselves a good standard of living to be preserved. Their concern is when thinking about a new child whether their quality of life, achieved with such difficulties, would not suffer. Well, I believe that those families that *work*, and *properly educate* their children, have the *need* to pay less taxes from their earnings [...] And here is another type of families. Children are born to them irrespective of their living standard. But the problem with these families is that the children are born, but they cannot be properly brought up, because the parents have no job, or not enough money, to educate their children decently. These families should not be supported to get more children; the children arrive anyway¹”.

The normative perspective emerging from this speech not only reflects the preference assigned to social classes “deserving” social protection, (good workers and good parenting). It also evokes the stigmatization of the poor, unable to pursue family planning. Underlining that these people should not get special support from the state, the Orbán government explicitly refers to the unpopular proposal aimed at introducing selective targeting for (poor) families introduced by the former

1 Speech of Minister heading the Chancellery, quoted in Ferge 2001: 119; emphasis added.

government coalition. While acknowledging that the negligence within these families stems from the deficiency of resources to raise children, this perspective discloses a conceptualization of social exclusion based on the alleged relationship between individual irresponsible behaviour and poverty. This normative shift, which marked the reintroduction of the old distinction and separation between deserving and undeserving poor, surprisingly resembles the idea of poverty and underclass as conceptualised by Charles Murray in the early 1990s ².

“There were two kinds of poor people. One class of people was never even called 'poor'. I came to understand that they simply lived on low incomes, as my own parents had done when they were young. There was another set of people, just an handful of them. These poor people didn't just lack money. *They were defined by their behaviour.* Their homes were littered and unkempt. The men in the family were unable to hold a job for more than a few weeks at a time. Drunkenness was common. The children grew up ill-schooled and ill-behaved and contributed a disproportionate share”.

If we try to understand how can this new attitude to poverty turn into a form of discrimination against a specific (undeserving) typology of family, if access to family benefits is extended to the whole citizenship, as is the case for Hungary, we need to move our focus to the analysis of “side mechanisms” of social redistribution, a number of which seems to support the social inclusion of middle classes families. Access to family benefits was kept universal by the new socialist-democratic coalition in 2002, but it became conditioned to the participation of the children in compulsory education. Originally aimed at addressing cash transfers to the education of children, this proviso became a mechanism to control the *behaviour* of families suspected to fit into the category of “irresponsible poor”. Furthermore, the amount of cash transfers is proportional to the size of the family, but it only grows up until the third child, restricting the chances to reduce poverty risks among extended households, who represent the 21% of at risk of poverty population in Hungary (Eurostat 2008). The tax credit for families with more than three children introduced in 2005 and allegedly designed to re-balance this system, is only addressed to workers' families, who can also now benefit from the opportunity to combine social transfers with working activities. As a consequence, not only this system introduced major cleavages among social classes, excluding non working extended families from the more useful benefits of the universal redistribution. It also disclose a crucial ethnic dimension of poverty. Roma people, who represent the 20% of the poor population in Hungary, are by and large unable to improve their condition through this system, as

² Quoted in Cook (2006:39), emphasis added. The theories of Charles Murray were used to support the war on welfare launched by Ronald Reagan in the 1980s.

they frequently live in extended households of *registered* unemployed (unemployment rates among Roma is 60%) with more than three children. As for unemployment policy, a three steps process of reform has been identified for Hungary (Cerami 2006). This process contributed scarcely to define the boundaries between unemployment and social assistance schemes, and access to social assistance is still mainly automatic when the exhaustion of unemployment benefit occurs. Unemployment measures have been at length regulated by the reform of 1991 and no great transformation has been undertaken in this sector so far. The system is still based on compulsory insurance coverage. When the unemployment allowance (now *job seeker benefit*) expires, one can benefit from social assistance aid for unemployed (*job seeker aid*). During the first emergency phase of reconstruction, the Hungarian unemployment policy was characterised by a generous approach, consistent with the overall European standards and with the social pressure derived from the increasing unemployment rates reaching double digits in the first years of transition. As a consequence, unemployment schemes acted at length as a means for containing poverty. As for the normative approach to unemployment protection, it followed a gradual process of change, shifting from an overall initial strong social support to the costs sustained by unemployed as a social category that needed protection, to a *suspect*-oriented perspective promoting the progressive restriction of access criteria for those excluded from the labour market as well as the reduction of duration for unemployment benefits, reduced by half between 1992 and 1995 (Boeri and Edwards 1998; Elster et al. 1998). A watershed in unemployment policy is represented by the introduction of activation measures between 1998 and 2002, followed by the amendment of 2005, introducing a new jobseeker's allowance which took the place of the former unemployment benefit (OECD 2007). This reform has introduced strong constraints, whereas access to unemployment allowance becomes strictly bound to "active" job search. While the introduction of activation measures may derive from the need to protect citizens from new typologies of social risks, one should also take into consideration that the interests of non-workers are more and more left out of the political agenda, even when they are consistent with overall values of political parties, as it was the case during the last seven years ruled by the Hungarian Socialist Party. The direction of these changes should also be analysed as part of a greater transformation that (together with the ongoing improvement of the working classes' conditions) is progressively marking the end of the "transition costs" phase, introducing new perspectives on the "functions" of the welfare state. The realm of unemployment, as a consequence, is slowly assuming new tasks and it is becoming increasingly disconnected from the emergency requirements but still lacking a specific role distinguishing it from social assistance measures. As far as social assistance is concerned it should be noted that Hungary, together with Italy and Greece, is the only European member state that has not yet

formally established a national scheme of guaranteed minimum income support. This lack, and the state of neglect characterising the current public debate on the prospective introduction of this measure³, is only partially compensated by the existence of numerous categorical forms of income support, whose access is regulated by means test. Nonetheless, social assistance in Hungary can be seen as a “residual box” where the whole range of cross-sectional “last resort” measures of the welfare state converges without a specific institutional idea concerning a prospective innovation of the system itself. A reform of social assistance could help reconfiguring the allocation of tasks and roles between anti poverty measures and social inclusion policy, initially merged when the new sector of social assistance was created under great pressure and emergency in the first 1990’s. The decentralization of social assistance ruled by the Social Act of 1993 has introduced mechanisms of selectivity whose eligibility criterion is based on both the need and on the discretionary practices assigned to local social assistance centers. Access to social assistance (including social aid addressed to children) is subject to the decision of local social workers reporting their approval or denial after the home visit. In kind benefits (instead of cash transfers) can be addressed to the recipient according to this system, introducing an outstanding limit to individual choice. A number of home visit practices also evokes a stigmatizing approach to poverty, whereas these include, for example, a “behaviour test” aimed at verifying the reliability of the applicant who is responsible for child care (Krémer et al. 2002).

The current system of social assistance in Hungary provides, above all, key elements of analysis suggesting how the fragmented, residual and non-reformed character of these policies mirrors a minor attention toward the social assistance tools explicitly designed for the “very” poor, compared to an outstanding proclivity of the system for the social protection of “not so poor”. The paternalism underlying the management of a number of issues concerning the poor, such as selectivity measures, furthermore, shows a strong inclination for the stigmatization based on individual behaviour, not so different from the approach found within family policy. Accordingly, we can follow the interpretation of Julia Szalai (1999: 34) indicating a “competition” among socio-economic groups experiencing a strong impoverishment during the transition years. This is also consistent with the change observed during the last years of “reform”, evolving towards the introduction of increasingly sharper boundaries between inclusive, participatory social rights for “non so poor” and residual, stigmatizing and discriminatory measures left for the “poor”.

³ The SZOLID project (*Project for the modernization of the Social Act and for the democratic development of Social Administration*) launched by the National Action Plan for Social Inclusion for the years 2004-2006 introduced the objective of restructuring social assistance and establishing a universal scheme of minimum income support. The project has not been discussed officially and, currently, no action in this direction has been undertaken so far.

Poland

Unlike Hungary, characterized by a slow process of transformation, the starting point for analyzing Poland frequently concerns its alleged early shift to democracy and market economy, although the transformation of the welfare state in this country not necessarily followed the pace of the economic reconstruction. Welfare change in Poland has been undertaken with the same uncertainty characterizing the gradual transformation of Hungary and with the same initial redistributive intent, mainly disconnected with a substantial reform of the previous asset. The main purpose of post transition social policy was providing a *cushion for the shock therapy* (Inglot 1995: 363). The introduction of measures compensating the lack of a comprehensive reform of the welfare system came early: a temporary safety net for sustaining the social costs of the transition was established since december 1989. The comprehensive reconversion of the past system of goods and services in cash transfers and the introduction of generous measures of income support for the unemployed came together with a negligible transformation of anti poverty policy, mainly occurred through the popular reform of the soup kitchen of Jacek Kuron. Both the Hungarian and the Polish paths of transformation indicate that the process of welfare restructuring in post-communist countries had to go through a first “emergency phase” in which social protection programmes assumed a temporary, discretionary and frequently “improvised” (Offe 1996: 227). Acknowledging this common trait of transition countries does not imply a speculation on alleged identical processes of transformation of these systems. Conversely, it seems important to stress that key elements of analysis to assess the new systems of social protection have emerged after the emergency phase, when the need for institutional innovation engendered political debates and expectations about the new welfare model to be adopted. While both Poland and Hungary lacked a “vision” of transitional social policy planning specific anti poverty tools, our analysis of the two paths of transformation revealed different outcomes. The initial lack of strategy in Hungary indicated a process characterized by a strong *fracture* with the former organization of social redistribution that Poland did not experience, being more inclined to the maintenance of the old system. To be sure, the political atmosphere and the pressures of socio-economic interests emerged during the last years of communism contributed to this kind of development. The strong concern for the outcomes of radical welfare change threatening the political consent among the working class, together with the strong reliance on the Polish welfare system gave rise to a decade of deep *continuity* with the past (Inglot 2008).

The introduction of innovative measures aimed at sustaining the living standards of the population was neglected at length, frustrating the “development of long-term solutions” (Orenstein, 1995: 189). Nonetheless, the normative approach driving the welfare reconstruction in Poland can be also traced in the first temporary interventions of social policy. The extensive resort to unemployment and (early) retirement benefits during the transition, frequently used in order to substitute for anti poverty policy, finds its greatest manifestation in Poland: from 1989 and 1992 500.000 former industrial workers benefited from the practice of the early retirement that led to one third increase in the overall number of retired people (Grootaert 1995). Even if the tortuous transformation of the Polish pension system goes beyond the scope of this work, a look at its expansion after the transition is crucial for our understanding of the institutional innovation that came afterwards. The explosion of social spending during the early 90s mirrored the pressures of the “grey lobby” to spread the idea that pensioners constituted the most severely hit category during the transition, also engendered by the wide diffusion of social risks linked to old age in the last years of communism. While, on the one hand, Poland introduced an early acknowledgment of elderly as one of the most vulnerable social groups, the failure of a proposed universal social pension during those years shows how far was this acknowledgment from the predominant idea of social justice diffused among the population. The construction of a system of social assistance replacing the old socialist structure has been affected by the great devotion driving the “crumbling” of the past, centralized administration. The decentralization and devolution of administrative responsibilities should be read as an element of the wider process of fragmentation of social assistance policies, implemented at municipal, district and province level. Although the *Social Assistance Act* of 1989 set the minimum levels of assistance to select recipients, an incomplete reform of fiscal decentralization has at length prevented local social assistance centers from providing an adequate coverage of social risks among the local community autonomously. (Kerlin 2005; Starega-Piasek et al. 2006). The completion of fiscal decentralization occurred in 2004 did not contribute to the improvement of the local assistance, still not adequate to receive the increasing number of recipients. Even if the income threshold required to benefit from most transfers was originally set at a very low (72 dollars per month in 1993) in order to allow every low income household to receive assistance, the mechanisms designed to assign transfers resulted substantially residual and discretionary. First, the means test resulted widely “informal”, as it was not connected (or at least, not limited) to an income test, but aimed at verifying the neediness of the family. Furthermore, rather than guaranteeing a safety net supporting low income families risking to undertake processes leading to social exclusion, social assistance measures used to act as residual tools, only available for household combining neediness and one of the “eleven disfunctionalities” required in order to access social

assistance aid (long term unemployment or sickness, single parenthood, alcoholism, drug addiction, homelessness, disability, etc.) (Góra and Schmidt 1998; Milanovic 1999). Accordingly, poverty derived from the diffusion of new social risks (such as those stemming from the temporary exclusion from the labour market or from a momentary contraction of available resources) was managed and fought with the same tools designed to deal with conditions of marginality completely different. This mechanism of targeting excluded 93% of the poor from social assistance measures, mainly addressed to extreme forms of poverty. This system remained at length unreformed. The Social Assistance Law of 2004 failed to meet the expectations. The new law has been interpreted as a “photocopy reform” that does not introduce significant changes to the existing social assistance rules. In spite of the best declared intents, concerning a deep transformation of the sector, the new law consistently strengthens the elements introduced by previous amendments, with few exceptions regarding the regulation of foster care, refugees protection and a more rigid management of the means test (Każmierczak 2004). The reform neglects the need to reconfigure social assistance practices in the light of new social risks as well as the need for a national guaranteed minimum income scheme. Usually included among the countries with a minimum income scheme, Poland devolves this task upon the old measures of social assistance. While the permanent allowance constitutes a categorical measures of income support, as it is subject to the “social criteria” test (the new term for the old “dysfunctionalities”),⁴ the temporary benefit is discretionary, both for eligibility and for the amount of the transfer⁵ (OECD, 2007; MISSOC, 2009). It should be also noted that while the local management of social assistance became completely financially independent, it is still not well-equipped to undertake adequately the new responsibilities. These mechanisms of allocating minimum resources are profoundly different from both the function and the principle of most minimum income schemes introduced across Europe. The neglected transformation of the social assistance sector, accordingly, also denied the recommendations of European Commission. In this regard, the Polish government has recently commented on the request to incorporate minimum income schemes into every EU member state as expressed by the Commission:

“[The incorporation of minimum income schemes] has an essential role to play in improving and consolidating the Open Method of Coordination as regards social issues. However, we take the view that, when common principles are established in this area, they should not directly or

⁴ This allowance is inversely proportional to the household income, ranging from 7,2€ to 172€ per month. Access to both temporary and permanent transfers is only possible if the income test proves that resources available to the individual are less than 115€/per month (84€ for each member of the household) (MISSOC, 2009).

⁵ Ranging from 4,80€ to 100€/per month.

indirectly set the level of benefits, and particularly that of minimum guaranteed income. First, it is important to stress that it is the Member States who are responsible for determining a detailed income support and service provision policy. Second, it would not be appropriate in view of the stated fundamental aim of active inclusion policy, which must distinguish between support received by persons who are objectively unable to work and persons who are able to work but decline to do so or to take part in inclusion programmes⁶.

The perspective emerging from these lines evokes, once again, an idea of social equality that makes a strong distinction between two categories of prospective beneficiaries of anti poverty measures and assigns them an entitlement to receive support only whereas the condition of neediness is not derived from some form of individual behaviour (such as “voluntary” unemployment). The persistence of social criteria regulating the access to social assistance, furthermore, constraints the opportunities of social integration left at the recipients. In spite of numerous efforts undertaken to broaden the list of individual disadvantages “required” to access social assistance, these measures cannot be defined as individual entitlements and remain strictly bound to an old hierarchical classification of basic needs unable to encompass the new functions of the welfare state. While social assistance reforms in Poland have been seldom analyzed, this is not the case for family policy. Social policy reforms addressed to families from 1989 have been widely analyzed in post communist literature (see, for example, Fodor et al. 2002). Much emphasis has been placed on the characteristics of the “maternalist” or “familialistic” model of social redistribution in order to detect possible traits of similarity or difference with other countries of the Central Eastern region, frequently clustered together because of their common tradition in family policy. Welfare measures addressed to Polish families have not experienced the same process of institutionalization launched in Hungary at the beginning of the 20th century and the attention devoted to these measures in Poland has been subject to the role of political actors and accordingly linked to specific ideas and principles. The lack of a consolidated tradition in family and child care policy has introduced specific traits of development in the Polish welfare system, differentiating this country from the prevailing regional trend. For example, the need for child care has been at length compensated by the “institutionalization of grandmothers”, frequently substituting for kindergarten care by benefitting from early retirement (Heinen 2002). As a consequence, in this country the direction of family and child

⁶ Posizione del Governo Polacco sulla comunicazione della Commissione Europea sulla modernizzazione della protezione sociale per migliorare giustizia e coesione sociale, gennaio 2008, traduzione dell'autrice dall'inglese.

care policy change undergone a different path of transformation. First, unlike Hungary, the extension of family policy remained bound to the individual participation in the labour market, even during the communist phase always. Nonetheless, it is frequently underlined that the full employment made this requirement merely “technical”, since every woman was a worker and consequently had right to receive protection. In this regard one may note that far from being a technical detail, this aspect reveals a subtle, yet crucial distinction, because it displayed a principle of social justice that denied the *right* of women and families to receive social support regardless of their role in the labour market. This “proviso” significantly restrained the opportunities to benefit from family transfers when the full employment system was dismantled, while its consolidated availability represented a major resource for Hungarian families during the transition years. A further element affecting the direction of anti poverty welfare can be traced in the overall idea of family, deeply influenced by the pressures exerted by Solidarnosc representatives (and the catholic church) on the adoption of social policy programmes promoting the “restoration” of the traditional idea of family. This, it was said, was jeopardized by the participation of women in the labour market. After the first phase of social spending expansion, a number of social policy programmes was directed toward the adoption of targeting mechanisms that could put women where they belonged: “in the kitchen” (Fodor et al. 2002). The restriction of eligibility rules for women applying for maternity benefits, for example, should be read as part of a general attitude aimed at restoring the old gender division of labour, whose main effects consisted in the limitations placed on women’s freedom of choice and on children care. It can be also interesting to underline, nonetheless, the outcome of the political campaigning of Jacek Kuron. Re-appointed as Minister for Social Policy in 1992, he eliminated the restrictions to family transfers introduced by the previous government coalition and tried to extend the access to these measures to unemployed, students and part-time parents (Inglot 1994). We underlined how the attempt to deprive citizens of their entitlement to receive institutional support for child care costs triggered great upheaval among the population, also marked by the strong loss of political consent. Conversely, it was the attempt of Kuron to expand the coverage of social insurance programmes in order to protect a *larger* part of the population to meet public discontent, including the strong opposition of trade unions, conservative representatives and the Constitutional Court. The resistance emerged in the attempt to *extend*, rather than restrict social rights can be interpreted with the difficulty to “*alienate the powerful pensioners’ lobby*” and its strong conviction that the pension system could be sustainable if transfers such as family benefits would be eliminated, as Carol

Graham highlighted (1994: 231). As a matter of fact, Kuroń's reform could be implemented only in 1995 (under the new government coalition between the socialist and the Peasant's parties) at the cost of a challenged negotiation with trade unions and interest groups that changed in depth the system of social support to families: the introduction of means testing deprived numerous families of their entitlement to social assistance⁷ and the funds addressed to other areas of social protection. Political instability and parties fragmentation during the second part of the 1990s compromised the opportunity to look for a new direction for family policy at the end of the first phase of transition. The new *Law in Family Benefits* of 2003 has not introduced significant changes to the previous system. A number of mechanisms, such as those restricting the access to kindergarten services only to working parents and the new conditions regulating the amount of the transfer (now calculated according to the age of the child rather than to the number of children in the household⁸) have restricted the safety net for poor families. Moreover, the ongoing lowering of the income threshold used for the means test is increasingly qualifying the social support addressed to families as residual measures of social assistance. The introduction of new typologies of social criteria (used to regulate the access to social assistance), as a matter of fact, seems to facilitate the access to categorial typologies of transfer. More complicated is the access to family programmes, especially for extended and single parents households and for those families whose members are temporarily excluded from the labour market. The condition of women is particularly affected when they are both breadwinners and unemployed, since their freedom to choose between working activities and child care is frequently restricted.

Unemployment policies during transition were by and large used as a "cushion" to mitigate poverty. The *Employment and Unemployment Law* of 1989 loosened the criteria regulating the access to the system of cash transfers and in-kind benefits introduced to compensate for the social costs of the economic shift. Due to the extraordinary increase of unemployment rates (reaching the 15% of the labour force⁹) everyone, regardless of his/her past working condition, was eligible for unemployment benefits. Far from establishing work re-integration programmes, these measures only provided passive and insufficient protection to unemployed. After the first stage of emergency, the *Employment Law* of 1994 was implemented and the system underwent a deep process of reconfiguration, directed towards the introduction of activation, the restriction of both eligibility criteria and duration of the

⁷ Two out of 12.5 millions of people became non eligible for this kind of transfer, as Inglot reported (2008: 273). Maternity benefits remained bound to individual contribution payments.

⁸ The amount of the transfer ranges from 12€ (for each child younger than 12 years in the household) to 16 € for children between 18 and 24 years (MISSOC, 2009).

⁹ Data for 1993 (Grootaert 1995).

allowance. It was during this phase, characterized by a more relaxed political atmosphere facilitating negotiations and institutional change, that the system of family transfers was reformed as described above. Similarly, unemployment support underwent a strong tightening and the access to these measures became subject to the participation to the new insurance programme. In this regard, it seems interesting to note that the “softer” clause (still in force) regulated the opportunity, for the population of regions hit by unemployment rates above the national average, to benefit from an extended allowance. The introduction of this mechanism also mirrors an answer of the socialist and peasant party coalition to the need for social redistribution advantaging rural and peripheral regions of the country. This was strongly demanded from farmer lobby groups, in response to the ongoing contraction of farmers’ income, halved from 1988 to 1992 as a result of the European Common Agricultural Policy (Sword 1999). As a matter of fact, the best performance of unemployment benefits in reducing the poverty risks were found among three main categories: pensioners, farmers and small towns’ residents (Grootaert, op. cit.). The *Employment Promotion and Labour Market Institutions Act* of 2004 eventually introduced significant changes to the previous system, especially based on the acknowledgement that new social risks require new means to fight poverty and persistent forms of disadvantage. Young, low skilled, single parents, disabled and long term unemployed can receive a special allowance (OECD 2007). Nonetheless, the new system remains bound to a fixed and not generous amount (129€ per month in 2007) and is not characterised for a strong reconfiguration toward activation policies. As a consequence, measures addressed to unemployed, such as those directed at families, can be absorbed in the wide range of residual categorial social assistance schemes, confused by the lack of non categorial minimum income programmes acting as a specific anti poverty safety net. These trends should be analysed together with the distributive dynamics, deeply connected to social and economic interests advocated by the numerous Polish lobby groups . Just like political parties, these groups can influence the direction of institutional reform, thought this impact is mainly expressed as an overall resistance to any form of change. While these mechanisms demand further investigation concerning the “new politics of the welfare state” (Pierson 1996), the role of political consent bound to public choices and to coalition and negotiation strategies in shaping the post transition reconfiguration of the Polish welfare state should also receive special attention. In this regard, it may be interesting to note how Poland and Hungary undertook two different paths of transformation, Hungary being characterized for the emergence of middle class interests, advocating and obtaining a system of social redistribution supporting its class interests and the conservation of the old

functions of the “family policy pillar”, and Poland moving in the opposite direction. Consolidated economic and political interests affected the new configuration of the welfare state in Poland by preventing the extension of the same social rights strongly advocated by Hungarian families. This is not to say that the middle class in Poland rejects the extension of social protection to families. It seems reasonable to suppose that the pressure of economic and political interests (inside and outside the Polish Parliament) led toward the establishment of a system in which workers can benefit from other typologies of tools (such as compulsory insurance) and show indifference or opposition to the extension of social rights if this implies public spending. According to this direction, family policy, whose role has been crucial until the first half of the 1990s to mitigate poverty, has gradually acquired a residual and “crisis” function, enhancing the vanishing boundaries between family support measures and social assistance “last resort” interventions. While the Hungarian access to income support programmes is defined according to the distinction between “not so poor” (middle class workers) and “poor” (excluded from the labour market with broken social networks), our analysis on Poland demands further attention on occupational and corporative cleavages segmenting society, compared to a decreasing interest in socio-economic categories, both workers and non workers, who have little voice in the political arena.

Estonia

The introduction of the Estonian case in this work has two main objectives. First, it mirrors the need to compare the direction of change of two allegedly similar welfare systems (Hungary and Poland, from the Visegrad group) with the transformation of a former sovietic republic, previously subject to URSS direct control and administration. This comparison is crucial in order to understand the extent to which different institutional, economic and political systems shaped differently the post transition reform process, especially in the light of the inherited poor equipment hindering the shift to market economy in Estonia, as well as in most soviet republics. We also aim at analysing the transformation of an “early” and “radical” reformer (Vodovipec et. al. 2003; Trumm 2005). Even if the attention to poverty and social exclusion emerged only at the end of the 1990s, the new Estonian government soon recognized the need to re-configure the measures directed at supporting social costs of the transition, such as the early establishment of an independent fund to finance social protection. As a result, the first

approach to welfare reform, unlike the main trend among post communist countries, was not limited to the expansion of the social spending and to the automatic extension of eligibility criteria for income support schemes. The rejection for past soviet practices led the new conservative government to support the introduction of alternative models of social redistribution that could substitute for the old ineffective system. The attempt to dismantle completely the previous system of social protection likely stemmed from this attitude, as well as from the geographical and cultural proximity of the Scandinavian social model, whose call had a major role during the reconstruction of the Estonian welfare state, undertaken by looking “to the north” (Leppik¹⁰, quoted in Aidukaite, 2003: 414). Former soviet republics generally did not experienced the extraordinary increase of unemployment rates recorded in both Hungary and Poland, facing a massivet drop of wages combined to a significant increase of the inactive population. Accordingly, the real extent of the crisis was underestimated at first and unemployment transfers were only introduced in 1991. They were financed directly from the national fund for social protexion and were limited to passive assistance measures for unemployed, who could be partially compensated for the job loss through a fixed and negligible amount of money, regardless of the previous wage level. The difficult path to labour market reconversion emerged in 1995, when the overall economic recovery had to face the continuous increase of unemployment rates. This situation was aggravated by the fact that most people excluded from the labour market belonged to the long term-unemployed category (55% of unemployed in 1996; Trumm 2005) and was low-skilled, suffering from the lack of reintegration and professional requalification combined with the progressive loss of competencies and human capital that frequently led to social marginalization: in 1996 the age group most exposed to unemployment was the one comprising individuals from 12 to 25 years (Trumm, op. cit.). Job placement for young persons, regardless of their educational credentials, is still a major persistent issue in Estonia, as it is widely reported, especially in the light of a peculiar organization of both the education and the vocational training system that rarely promote female employment (Kogan and Unt 2003; 2008; Helemäe and Saar 2006). From 1995 eligibility for unemployment allowances is ruled by the *Social Protection of the Unemployed Act*: unemployed can benefit from the benefit only if officially registred. While this reform represented a first step towards the acknowledgment of the need to link unemployment benefits to activation measures, no significant change was introduced in this direction. Furthermore, the importance to

¹⁰ Expert and former advisor for the Minister of Social Affairs, member of the Commission for the reform of social securityt that designed pensions and social security reforms.

associate the amount of the allowance to the last wage was still neglected, and unemployment allowances only provided the 60% of minimum wage, less than 10% of the average salary (Vodopivec et. al., 2003), outlining a system unlikely eager to provide an adequate safety net protecting from the risks of poverty and social exclusion.

A gradual re-organization of unemployment benefits introduced the compulsory insurance in 2001 and fixed the transfer at 50% of the average wage¹¹. The *Unemployment allowance*, non means-tested measure extended to the whole active population (whereas the recipient is registered as unemployment and is actively seeking a job). Again, the role of side mechanisms appear crucial to follow the overall direction of welfare change. The last reform of 2006 introduced the opportunity for caregivers to calculate child, sick and disabled care as working activities. An higher amount of the allowance is possible for people participating in professional training courses. These innovative mechanisms could be read as an outstanding step towards the acknowledgment of new typologies of social risks, such as those experienced by lone mothers, working poor, and first-time job seekers, if the low amount of the benefit (2.10€ per day) did not jeopardize the overall intent of the measure. Although the need to protect the most vulnerable part of the Estonian society (women, children, long-term unemployed) has emerged as an important issue at stake, the mechanisms introduced so far to support individuals excluded from the labour market evoke a “less eligibility” driving the continuous attempt to keep the amount of unemployment transfers at increasingly lower levels, in order to encourage the prospective recipients to look for a job. While these aspects suggest the emergence of a residual approach mainly based on the exclusive role assigned to individual responsibilities, other elements indicate a different path of transformation, led by the principle of equality enshrined in the Estonian Constitution, according to which each Estonian citizen has the right to receive assistance for old age, disability or neediness¹². The establishment of a guaranteed minimum income scheme regulated by the *Social Welfare Act* of 1995, that has formally placed Estonia among Western welfare state, at least formally. The *Social Welfare Act* still regulates, together with social assistance measures devolved upon municipalities, the provision of a minimum income support for individuals whose household income is below the subsistence level, as defined at the central level. Even if the reform of 1995 regulated the universal coverage of social assistance according to the individual neediness and left little room for discretionality, the specific practices of implementation progressively changed in

¹¹ Reduced to 40% after 100 days.

¹² Article 28, Chapter II, Estonian Constitution, 1992.

depth the extent of this programme. First, as for unemployment allowances, the amount of the minimum income is very low (64€ for each family member per month in 2008) (MISSOC 2009). Furthermore, the normative attitudes of social workers can influence the practices of managements according to an individual evaluation concerning the deservingness of the prospective recipient, frequently directed at the stigmatization of young lone mothers, individuals suspected to aim at “living off” social welfare and non insured unemployed who “should not receive assistance” (Kutsar and Trumm 2003). Eventually, the financial dependence of municipalities on the state budget and the specific requirements regarding local labour market, resident population structure and local resources introduce a strong differentiation of the subsistence allowance according to the municipality of residence, with a significative imbalance between rich and poor municipalities. The whole structure of Estonian social assistance, as a result, reveals a deep internal discrepancy characterized by a *formal* adequate equipment to meet the social demand, but *substantially* inadequate to do so. The incomplete provision of efficient mechanisms to guarantee the fiscal independence of local social assistance and the progressive erosion of the social spending share addressed to fight social exclusion¹³ can compromise the effectiveness of the system. Little attention has been devoted so far to the ongoing civil society advocacy for reform, increasingly more concerned about the emergence of a deep fracture, separating a “rich and successful Estonia” from a “poor Estonia”, suffering from the social costs of the economic transition (Ruus 2002). Between the two extremes, in a country with 1.5 millions of people, the emergence of a middle class influencing institutional reforms is still at its early stage. As a matter of fact, Estonia is facing an ongoing population decline, recently introduced in the political agenda of the country as a major issue. Recent transformations concerning family policies should also be interpreted in the light of the emerged need to invert the negative birthrate by promoting family support programmes, never experienced during communism. Unlike Hungary (and Poland, to a certain degree) no “family pillar” was introduced in Estonia, whereas family policies were used as indirect means to fight poverty being only addressed to needy households: families with more than four children and single mothers (Ainsaar 2001). After the political independence, the right to “the equal treatment of each child” was enshrined in the Estonian Constitution in order to guarantee the living standards of Estonian children regardless of family resources. A tortuous reform process of the universal *Child Allowance*, initially linked to the minum wage, was undertaken.

¹³In 2007 Estonia and Italy showed the lowest levels of social spending for social exclusion, both as percentage of the GDP (0,1%), and as percentage of total social spending (0,6%) (Eurostat 2007).

Nonetheless its transformation has not been affected by the directions of change suggested by the World Bank, concerning the need to introduce targeting mechanisms aimed at improving the effectiveness of this measure to reduce child poverty arguing that the universal child allowance “in Estonia universal child allowances do not better than means-tested social assistance” (World Bank 2000:299). During the 1990s an additional measure for families with more than four children, whose selectivity and provision was left to the discretionality of local centers of social assistance. Maternity support also underwent a reform process that changed in depth its extent. The chance for unemployed women to benefit from maternity leave allowances, regulated by the *Child Benefits Act* of 1992, has been enhanced with the reform of 2000 that has unbound the maternity leave from childcare activities, broadening the range of opportunities for families and children. As a consequence, they can now benefit from the combined earnings derived from working activities and child social transfers, whose amount has been increased for all families with the new *Child Benefit Act* in 1998. The political debate on welfare funding paved the way for a deep analysis of the whole system of family policy that led to the emergence of an institutional awareness concerning the role of these measures, whereas it is more “convenient” for a society introducing preventive measures than dealing with negative outcomes¹⁴. The formulation of the *State Family Benefit Act* of 2002, confirming the political commitment to a universal measure of family support until the 16th year of the child should be read as a product of this awareness, while the low amount of the transfer reflects the same direction of social assistance reform, despite a more generous approach for extended household, such as the special allowance for families with more than seven children (169€ per month; MISSOC, 2009). The trend emerging in family policy seems marked by an increasing acknowledgment of a number of social inclusion dynamics (such as those concerning the reconciliation of work and family care) that attempt to solve the conflict within the Estonian society mentioned above. Nonetheless, the electoral campaign of 2007, fought over the prospective direction of welfare reform, saw the election of the political faction (ironically named *Reform Party*) least favourable to the reduction of the *insider-outsider* gap of Estonian society. The overall direction in Estonian anti poverty policy reveals the gradual recognition of new social risks, whose role as major issues has been neglected at length. In this perspective, on the one hand, the interest in family policy emerged at institutional level affirms the importance to support family care costs and needs and, at the same time, reflects a natalist strategy. On the other

¹⁴ Declaration of the Commission of Estonian government examining family and child policy in 1999.

hand, among the Estonian is uprising the idea that universalism not necessarily makes these measures adequate to fight poverty and that some of the principles underlying the new Estonian republic (such as those referred to the equality of children) have diverted attention from the “functionality” of anti poverty tools (Leppik, quoted in Aidukaite, 2006). If civil society has scarcely affected a re-configuration of the welfare state in Estonia despite a growing concern for redistributive dynamics, this should drive our attention to the controversy characterising this country, whereas a strong formal societal commitment for solidarity is counterbalanced by a continuous erosion of social spending for social inclusion derived from economic competitiveness. It is following this direction that, in our opinion, should be read the inconsistency of a redistributive system strongly committed to solidarity and new social risks but poorly equipped with “side mechanisms” that can act to reduce concretely the poverty risks.

Concluding remarks: recalibration and transformation between common trends and divergences

Our study on anti poverty policies in the countries observed can help analysing the overall direction of change undertaken by three different post-communist welfare systems.

In each of the countries examined the need to introduce welfare programmes *explicitly* designed to fight poverty has emerged only recently, especially as a response to transformation paths suggested by EU and the World Bank. The “late” interest in these themes can be assigned to three different elements. First, the initial reliance on market economy diffused after the transition led to the underestimation of the need to restructure anti poverty programmes, as redistribution was expected as an automatic effect of political and economic shift. Transition countries, furthermore, suffered from the lack of experience in this policy area, only marked by paternalistic and stigmatizing social assistance practices experienced during socialism. As a consequence, not only this area of the welfare state appeared doomed as increasingly less necessary in the light of a prospective economic redistribution, but the diffusion of stigmatizing ideas linking individual responsibility and poverty affected negatively the next steps of welfare reform. Eventually, a number of characteristics inherited from the socialist system kept carrying out the same functions assigned to anti poverty programmes in most advanced economies. Among these, the “family pillar” represented at length an alternative strategy of *implicit* – albeit frequently inadequate – means of support to the poor, furthering the procrastination of a comprehensive restructuring of redistributive measures. As for our dimensions of analysis, it should be noted that the

description of recent reform processes is consistent with our initial idea that welfare policy restructuring should never be interpreted as unambiguous and unidirectional. The emphasis on normative, functional and distributive dynamics of change disclosed a number of crucial elements of inquiry. Welfare analyses based on social spending trends (contraction/expansion) or on coverage extension (selective/universal) could be insufficient to describe the complicated processes of contemporary welfare change. This appears significantly important for the investigation of our context. The analysis of the Hungarian system with its generous universal family support programmes could be misleading without an examination of its “side mechanisms”, results as much crucial to understand welfare change as those referred to eligibility criteria and extension of the interventions.

Our analysis revealed, for example, that Hungary and Poland are more different than commonly assumed. Both marked by the socialist “familialistic” legacy, not only these countries have reconfigured their welfare systems differently, but underlying dynamics of change can also be associated to different forces. The Hungarian case showed that the attempts to “rebalance” the welfare state to needy families’ advantage, have been immediately withdrawn, as soon as the political consent was threatened under middle class’ protests, determined to preserve the previous redistributive mechanisms. This outcome, as well as the normative perspective underlying it, has undergone a constant process of institutional legitimization, contributing to the progressive abandon of the means explicitly designed to fight poverty and to the consequent lack of interest in a reform of the social assistance sector. A specific approach to the theme of welfare “functions” emerges from this process, whereas these should be addressed to prevent social exclusion of middle class working families and to provide “emergency” categorial, discretionary measures for the *outsider*. The analysis of Poland revealed the opposite process, characterised by the strong reaction to the attempt to extend social rights for families to those excluded from the social redistribution with the dismantling of the full employment system. The re-configuration of these measures towards selectivity, furthermore, suggested that the strong resistance to welfare change should be attributable to the need of political factions for electoral consent as well as to distributive dynamics led by economic interests “external to the parliament”. The frequent reference to selectivity and social spending “cuts” allegedly introduced after the transition should be read in the light of the lobbying exerted by influencing socio-economic groups. Accordingly, while the pensioner lobby, non influential within the parliament but able to shape the direction of reform, has frightened any attempt to expand social spending to redistribute social costs and benefits, the influence of other interest groups, such as those

defending industrial and agricultural workers' interests, has marked the new system of redistribution with a strong segmentation among occupational groups. As for the Estonian case, the undertaken direction of change can be only indirectly attributable to an explicit attempt to transform the distributive balance of social and economic interests. More likely appears a re-configuration of the functions of Estonian welfare state, especially considering the particular situation of this country, still dealing with the economic reconversion and with the complicated relations between education and work placement. Nonetheless, the functional recalibration of the Estonian welfare state seems led by the introduction of the notion of individual responsibility, frequently evoked by a residual approach to social inclusion policies, as they are by and large unable to guarantee the "right to survive" enshrined in the overall Estonian social justice principles. Connected to this dimension is the belief that the population's well-being should be preserved by addressing public spending towards "non poor" areas of intervention, as the increasingly smaller part of social spending addressed to this sector indicates. Eventually, the welfare re-balancing towards the protection of families and children and towards the interest in distributive mechanisms for unemployed can be read as a response to the need for restructuring those sectors of the welfare state where the emergence of new social risks is more evident: work and family reconciliation, professional requalification and single parenthood. In this regard, it should be underlined that family policy, recently emerged as a major area of welfare expansion, is used not only as a preventive tool aimed at reducing the poverty risk among children, but also as a transformation strategy derived from the need to invert the demographic trend of the last years. To sum up it can be interesting to note that welfare change is a multi-dimensional process. Therefore, our attempt to analyse the normative, functional and distributive dynamics of welfare transformation can be read as a major perspective to investigate further the direction of welfare change. The configuration of each welfare system should thus be interpreted as a combination of different aspects: dynamics concerning the overall idea of social justice and equality diffused among the population and driving the legitimization of welfare change; elements derived from the need to adapt social policy programmes according to social risks and welfare functions socially deemed important; mechanisms of distributive re-balancing among socio-economic interests. Labeling our case studies would be misleading, unless we use them for providing further elements to reflect upon. For example, on the one hand, the Hungarian case highlight the importance of the normative dimension underlying the welfare legitimization process including the distinction between deserving and non deserving poor, emerged as a major trait of the current system of

redistribution. The normative dimension, on the other hand, has little room left in the Poland and Estonian cases. The dynamics driving so far the process of reform in Poland along transformation-continuity alternatives indicate that the welfare recalibration has been scarcely affected by ethical perspectives concerning categories “deserving” social protection and more deeply shaped by the fear that social policy reforms could modify the distributive balance among socio-economic groups. The trajectories of welfare change observed for Estonia outline a further different landscape, characterised by a transformation led by an emerging interest in new social risks counterbalanced by the need for adaptation to economic competitiveness affecting the whole citizenship. Eventually, one should note that in each case study the normative dimension underlying social policy recalibration can be also traced among the distributive mechanisms, rising further questions concerning the role of welfare “practices” and prevailing normative perspectives about deservingness diffused among local social workers in shaping the final outcome of welfare programmes.

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