

Preface

Twenty-three years have passed since the fall of the Berlin Wall and still the massive social, political and economic transformations of Central Eastern Europe (CEE) arouse great political and scientific interest, and controversy, worldwide. There has been an increasing focus on the transition by former communist countries to the market economy and to democracy. Nevertheless, while it can be said that the first stage of economic and political transition has been concluded, this is clearly not the case for the *analysis* of this region: it is commonly accepted that owing to their ‘complex reality’ (Inglot, 2008: 1), these countries will require further in-depth examination.

From 1989 to 2013, Central Eastern countries experienced at least three major events: political and economic transition, their entrance into the European Union and the economic crisis of 2008. While common to almost every Central Eastern country, these circumstances had a different impact on each system and they contributed to shape them in different ways. As a consequence, the Central Eastern Europe of 2013 is considerably different from that of 1989 and 2004. Even more importantly, differences between Central Eastern European countries are becoming more significant as the transition process continues. Ten former communist countries are now member states of the EU but only three of them (Estonia, Slovenia and Slovakia) joined the Eurozone. These countries have at the same time, the highest (Romania and Bulgaria) and the lowest (Slovenia) infant mortality rates in Europe. The most unequal country (Lithuania) and one of the most equal nations in Europe (Hungary) are also located in Central Eastern Europe¹. Some of them changed from being emigration to being immigration countries, especially as a result of intraregional migration made possible since the EU enlargement of 2004, as in the case of Hungary and the Czech Republic (Kaczmarczyk and Okólski, 2005; Hárs, 2009). At the same time, living conditions and poverty levels range widely in the region, from the Czech Republic – where the incidence of poverty is almost as low as that of Iceland – to Bulgaria, the poorest country in the European Union. Despite their common pathway through communism, transition, EU accession and the current financial and economic crisis, these welfare systems are far from similar.

Given the high complexity of the region, CEE countries should never be lumped together; in this study we shall look at the best way to outline their distinctive characteristics without overlooking their similarities. The reader should be warned that the present work is not

intended as a comprehensive analysis of welfare systems in Central Eastern Europe. Its aim is rather to contribute to the discussion on the overall *direction* of change in these countries from the perspective of anti-poverty policy design and its impact on the welfare state as a whole.

This study shall aim to transcend the traditional boundaries that delineate different domains of research and which frequently frustrate in-depth analyses of transformation processes.

The role of policy design as an element of welfare analysis is generally overlooked in social policy studies and it is even more neglected in the discussion of CEE countries.

Conversely, when it comes to the topic of the welfare state, a key issue in the theoretical and political debate on Central Eastern Europe is whether the social and economic model of post-socialist countries is still quite different from the one supposedly characterising the European Social Model or is a prospective convergence among different social and economic models in progress across Europe (for a full up-to-date description of this debate see, for example, Cook, 2010). When we think about convergence, nonetheless, we should also take into consideration the following question: can overall trends in social policy change (e.g. social expenditure levels) describe the very nature of welfare transformation? Is such analysis suitable for understanding not only 'if' welfare systems change and converge but also 'how' they change and 'who' is excluded from the new mechanisms of social redistribution? Is convergence really a good point of reference for understanding the nature of the new welfare state in Central Eastern Europe? This study makes the assumption that it cannot be the only one and views the welfare state in post-socialist countries from a different perspective, that is, the transformation of anti-poverty and social inclusion programmes and their *social and political construction*. The way in which institutional change and poverty are related should be considered as a fundamental element of social policy analysis. How social policies are thought out, designed and implemented does indeed affect the final shape of poverty and defines the poor even before welfare programmes are put in place, as a number of studies have highlighted. This study considers that such phenomena, referred to as 'the social construction' of anti-poverty programmes (Saraceno, 2002) should be borne in mind when anti-poverty measures are taken into consideration. As a matter of fact, the social construction of anti-poverty programmes involves a process of the 'normative and evaluative characterisation of persons or groups affected by public policy', who are 'portrayed in positive or negative terms' (Schneider and Ingram, 1993: 334). The present study provides new ground for understanding how poverty is never neutral and is always

the result of a more or less explicit social and political construction. The main purpose of the study is to trace the overall direction of change in welfare and poverty during the past twenty-three years in this region in order to understand how past and present events have affected the constructions of poverty in Central Eastern Europe. In this book we will attempt to bridge studies on poverty, which represent a specific object of sociological research, and the domain of institutional reforms, which, it is usually considered, fall within the realm of political science. This work is not intended as a comprehensive analysis of welfare systems in Central Eastern Europe. Its aim is rather to contribute to the discussion on poverty, its representations and the transformation of anti-poverty design in these countries from the inception of communism up to the current economic international crisis. However, even if the ongoing international fiscal crisis brings further elements of discussion and controversy to the debate on welfare retrenchment, the focus on the adaptive capacity of the welfare state in situations of crisis will serve as an additional crucial element for our discussion on the construction of poverty, especially for the countries examined in this book, where the cycles of welfare expansion and welfare retrenchment have been even more evident and pronounced thus far (Inglot, 2008).

Outline of the book

This examination of the construction of poverty in CEE countries is made from the vantage point of the three major events that altered the system of social protection and the consequent distribution of costs and benefits across the population. The first major event was the shift from the planned to the market economy. Accordingly, Part One of this study is dedicated to the analysis of poverty and social inclusion policies in CEE countries before the collapse of the communist system.

The first chapter of this study addresses the question of which theoretical framework is more suitable for analysing Central Eastern welfare states. It begins by discussing the main theoretical problems that will be examined: it first reviews the overall concept of post-communism as an analytical category; then it discusses to what extent the welfare regime approach may be useful as a theoretical framework for the aim of the present study. This section is followed by a treatment of recalibration and reconfiguration dynamics in welfare change considered as crucial dimensions of analysis. The role of ideas, culture and ethical perspectives underlying social policy making, the transforming function of the welfare state and the emergence of new social risks is examined together with the distributive forces that

rebalance social costs and social benefit among the population. Then the chapter briefly describes the concept of welfare reconfiguration with its four main trajectories (normative, functional, distributive and institutional) and their prospective application as conceptual frameworks for analysing CEE countries. The subsequent section of this chapter addresses the social and political construction of poverty as a theoretical problem and discusses its main analytical categories. Eventually, the construction of boundaries regulating deservedness as a criterion for accessing anti-poverty measures and the definition of the deserving poor are examined.

Despite the current divergence among CEE welfare states, it is generally accepted that a socialist model of social protection existed during the years of communism. The second chapter will outline the main characteristics of the socialist typology of social protection and trace the origins of this model in order to understand how long-term trajectories have affected the transformation of post-communist nations.

There follows a review of how poverty and social inequalities were at length hidden and denied as existing phenomena during communism and how information concerning poverty was considered as ‘more than a state secret’. The following paragraphs describe the normative and ethical framework underlying the communist attitude to poverty and its taboo. The last section of the chapter describes the links between poverty and social policy in the countries examined until 1989.

Chapter Three begins with a description of the socialist model of redistribution without socialism. Then the chapter discusses what happened when the taboo of poverty was revealed after 1989 and the real and alarming extent of underemployment and social inequalities. We analyse the main new and old dimensions of poverty which emerged with the collapse of communism. The chapter then reviews the initial emergency phase of the countries examined by looking at how they coped with the massive outbreak of poverty during the very first phase of transition and how most CEE countries adopted emergency generous income support policies as a form of social compensation for the population suffering from the social costs of the transition. Also identified are the predominant ideas and values that gave shape to the first intervention of social inclusion policy restructuring by retracing the debate on what categories should have been protected against the social costs of the transition.

Part Two is dedicated to post-1989 transformations. Chapter Four looks at CEE welfare states from the perspective of the second crucial event for their transformation: the confrontation with ‘old’ Europe. The first part of the chapter describes the internal pressures for change

exerted in CEE countries with the end of the communist era and with their entrance into the international free market. The following section introduces the theoretical and political issue of the integration of CEE social standards with the European Social Model and reviews the main aspects of the debate (which emerged during the first transition years) over the integration (if not contamination, according to some) of the European Social Model with an alleged low-wages labour standards model. The chapter then turns to the role exerted by international actors in the new construction of poverty in post-communist countries. Firstly the direction of change advocated by monetary institutions and their pressure towards the construction of last-resort residual and means-tested social safety nets for the poorest sections of the population are reviewed. The main directives recommended by the World Bank and the IMF in each of the countries examined in the book are then taken into consideration in order to show how they have shaped a specific form of anti-poverty approach during this phase of the reconstruction. In this section the role of these institutions is analysed within the context of the shift from the former emergency welfare state (broadly based on generous and extensive coverage of social protection towards a second stage of social inclusion policy making, mainly led by the introduction of privatisation, selectivity, decentralisation and tightened eligibility requirements. The last part of the chapter discusses the role of EU institutions in the reconstruction of the social sphere in post-communist countries. It is argued that, contrary to general assumption regarding the EU as an advocate of social cohesion, during the preparation for accession it for the most part tacitly approved of and supported the World Bank request for diminishing social protection in the name of macroeconomic stabilisation objectives.

Chapter Five examines what happened to the construction of poverty in CEE countries when they became full EU members and how the Lisbon Strategy of social inclusion and the fight against poverty launched a new phase of reconstruction in those countries. Firstly it reviews in general terms the shift from the social safety net approach towards a new generation of more inclusive anti-poverty policies through the incorporation of minimum income schemes. It then examines how in each country the reconfiguration of social assistance has resulted, for the very first time, in a proper discussion over priorities, functions and deserving-undeserving boundaries of social inclusion policies. The main reforms introduced from the early 1990s to 2008 in our case studies are described together with Eurostat data to show how poverty as a phenomenon has been affected by the

transformations of the past decade. We also assess the performances of individual countries in reducing poverty by the use of social transfers.

The last part of this study is dedicated to a third, significant event in the history of social policy and poverty for CEE: the economic crisis. Chapter Six sets out the main implications of the crisis for the social and political construction of CEE countries and explains why it is likely to initiate a new phase for them. The first part of the chapter discusses the concept of welfare retrenchment as the main 'recipe' used by governments in times of austerity. Then the chapter compares Eurostat data for severe poverty in order to understand whether and how the crisis has resulted in a deterioration of living conditions in the CEE countries analysed. Eventually, the examination of the measures taken in response to the crisis of 2008 provides additional support to the analysis. The last part of the chapter discusses whether the return to austerity in CEE countries has marked the inception of a new 'moralising' shift in the regulation of the poor.

The conclusion reviews the main issues raised at the beginning of the book. It discusses how the construction of poverty has changed over the years from the perspective of the normative, functional, distributive and institutional dimensions. Finally, the problem of the construction of boundaries separating deserving and undeserving poor is examined: the 'invisibility' of Roma as a group despite their evident increasing identification as a non-deserving category of poor is discussed.

Note

¹ According to Gini ratio, Eurostat data for 2010.

