

# Welfare state from transition to consolidation

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# Session Overview

- In the transition to becoming consolidating democracies, what role has welfare played as a component of nation state building in the Western Balkans?
- What are possible future trajectories of welfare in the region?
  - What's affordable? in the light of the economic 'new normal' (since 2007)
  - What's desirable?
    - given increasing deconsolidation pressures in the region and EU
    - SDG's and national targets

# The setting: transition & shock therapy

- 'Market Failures' - the grass may be greener, but you have to wade through a lot of mud...
  - economic failure - industrial collapse, gdp slump, sudden mass unemployment....
  - political - institutional collapse...
- Social volatility
  - civil conflict: state formation advances after power/violence is monopolised (B&H, Kosovo)
  - uncertainty & to an extent dashed hopes in the face of natural limitations in response
    - societies witnessed an explosion in informal strategies, typically anomic, in order to prosper
    - coping mechanisms of poor
      - mass emigration (bonus: remittances compensate for state failures);
      - exit, voice and loyalty (brain drain)
- Very imperfect information: the data problem - shooting into the dark...
  - Maxim: 'you can't manage what you don't measure'
  - & for INGO's/donors active - 'you can't measure what you don't manage'.

# Installing the Welfare State

- Impossibility - supply side issues: affordability, creating or enabling institutions
- Necessity – range of constituencies & needs on the demand side
- Simultaneity: prioritization

See “dilemma of simultaneity” Plausible Theory, Unexpected Results: The Rapid Democratic Consolidation in Central and Eastern Europe WOLFGANG MERKEL

# Consolidation: Whither atrophy?

- Political context: (pre-)accession and confusion
- Smorgasbord of policy innovations minus ideology, many approaches
  - GPRS, MDG, SDG, SP Flooring, Lifecycle, WB & EU framework
  - SP as human right or WS obligation?
- Existence of a program or amount of money spent may be less important than what it does (Esping Andersen, 1990)

# CHICKEN/EGG

## 1. What comes first?

- The kind of society conditions needed to support a good WS
- But then, can WS play any role in strengthening society

## 2. Whats a good WS?

- In transition context one that bolsters state building
  - Sustainability | Efficiency | Equity | Coverage
  - time, money, quality, scope. (NASA projects: pick three of the four)

# 25 years on

- the state appears often to be an ineffective agency in many people's lives
  - Short horizon thinking: 'we run some programs'
  - Little desire for change among beneficiaries or institutions
- Types of reform:
  - Institutions: names, efficiency, criteria, exclusion
  - Programs: patching up, add-on criteria
  - Transformative potential of policy little explored, beyond labour market programs

# ACTORS

- Where from? Look to international models and actors....
  - Political: Actors interests:
    - Gov, Civil Society,
    - External, WB, IMF, EU, UN agency, Donor states (OECD)
    - EU - impacts beyond borders
      - acquis & harmonisation establishment of rights will impact by 'trickle down from legislature to program implementation (thin end of the wedge?)



# Reform paths

- Simultaneous currents influencing :
  - “Local”/national policy trajectory
    - Retrenchment of services with growing fiscal base...(privatisation)
    - High cost & complex expressed needs - Housing (rents), Long term care,
    - Growing inequalities
  - EU process, especially rights implementations
  - Regional harmonisations current donor interventions/perspective

# Reform prospects

- Welfare states rest on growth paradigm, but
  - Growth diminished & subject to exogenous factors (FDI)
  - Jobless growth
  - Long term unemployment
  - Future automation (incl. service sector)
  - Can we do more with less? (targeting, service retrenchments etc etc)

# Innovation?

- Leapfrogging
  - Universal basic income
    - experiments under way
      - Serbia leading pilot. Albania tbc
- Applicability: lower risk, less complex to mainstream, multiple potential impacts (poverty, gbv, education, value of labour)
- Affordability:
  - Can they afford to?
  - Can they afford not to? (End of the Consolidation Paradigm, Roberto Stefan Foa, Yascha Mounk Journal of Democracy)

# A voice from the past

- “The forces of the past...create new situations if the structure and functions and of the social services cling too closely to the needs of the age in which they originated, and if the interests which resist change become too powerful, these services will not meet the needs of the new situations.
- We shall not achieve a better balance between the needs of today and the resources of today by living out the destinies of tradition; by simply attending to the business of the state.
- Without knowledge of wind and current, without some sense of purpose, men and societies do not keep afloat for long, morally or economically, by baling out the water”
- Titmus,R.M.(1968) Commitment to Welfare