

Political Economy of Welfare Reform in the Western Balkans

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Outline

- Drivers of the welfare state
- Welfare state regimes
- Welfare state in socialist countries
- Reform drivers and constraints
- Path dependence of the transition
- Outcomes in the Western Balkans
- Policy conclusions

Drivers of the welfare state

- Industrialisation
- Spreading electoral franchise
- Welfare state regimes (Esping Anderson, 1990)
 - Path dependency
 - Political coalition building
 - Key role of middle class
- Post-communist welfare regimes (Aidukaite, 2009)

Welfare state under socialism

- Industrialisation
- Peculiarities of welfare state in Yugoslavia
- Social insurance coverage
 - Pensions, health insurance, disability insurance, child allowance
- Non-contributory cash benefit
 - Employment related benefits and privileges
 - Price subsidies
- Organisation:
 - self-management communities and the one-party state

Reform drivers and constraints

- Divergent trajectories of reform
- Path dependency
 - Special case of Kosovo
- Privatisation and deindustrialisation
- Democratisation and collapse of middle class
- International donors and policy transfer
- Winners and losers
- Coalition politics

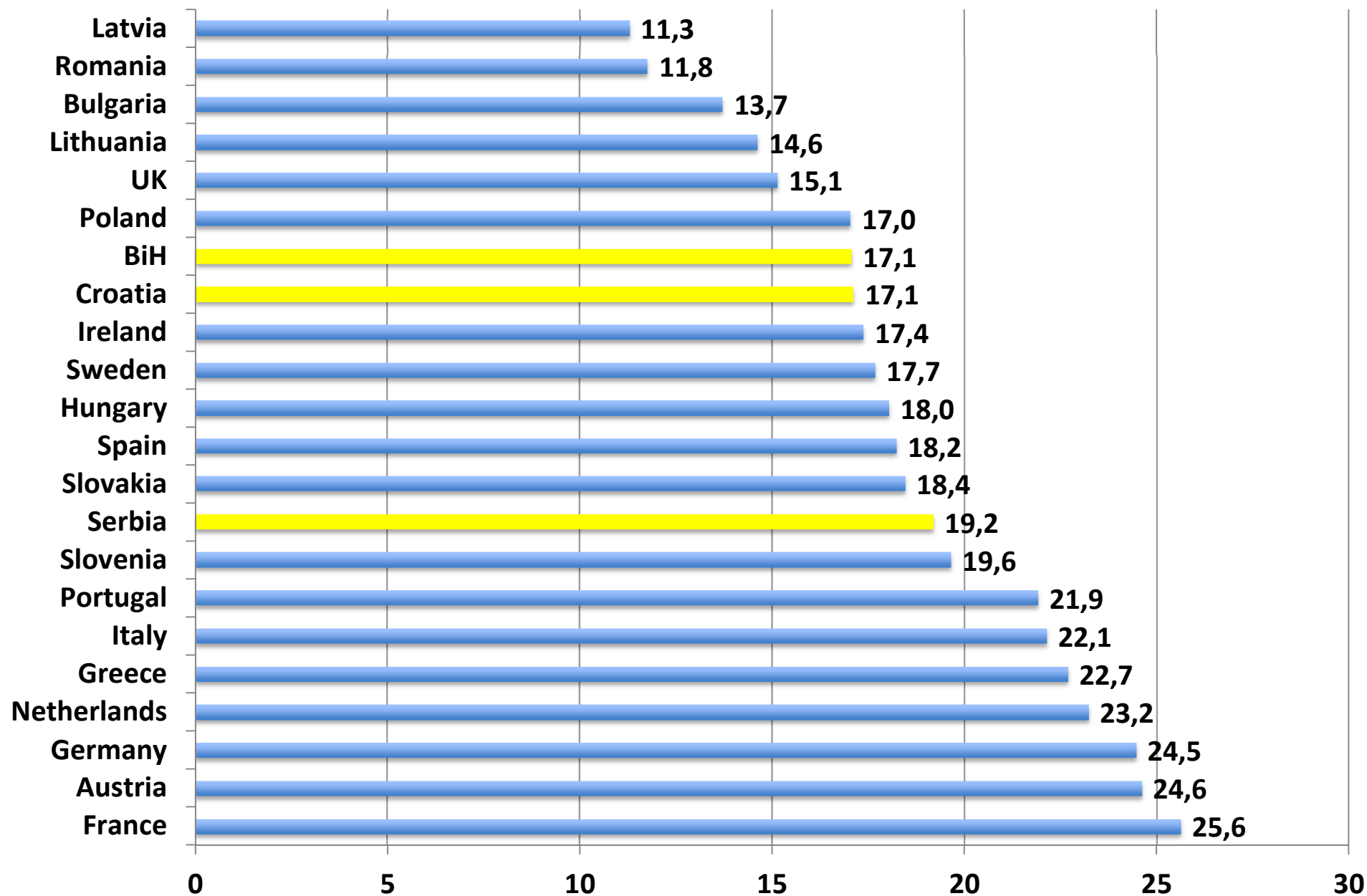
Poverty and social assistance

- Transition, unemployment and poverty
- Source of support for new non-contributory social assistance?
- Targeting and coverage
- Political influence
- War veterans and other interest groups
- Pensioners
- Kosovo

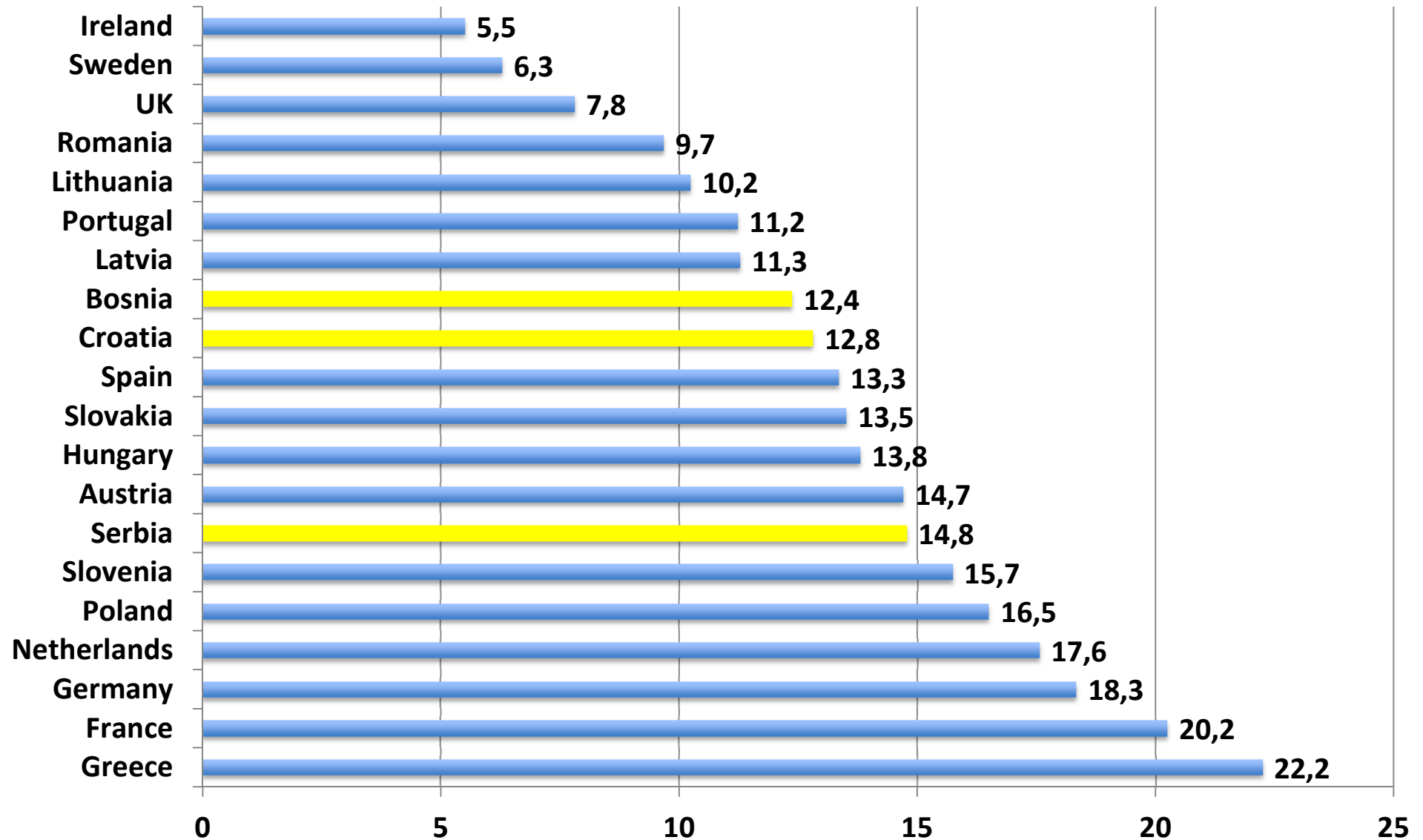
Outcomes in Western Balkans

- Social spending low compared to EU-27
- Given this, high versus low social benefit systems are observed
 - Croatia and Serbia vs. Albania and Kosovo
- Gaps in social insurance systems
- High private expenditure in some countries
- Mixed picture with hybrid regimes

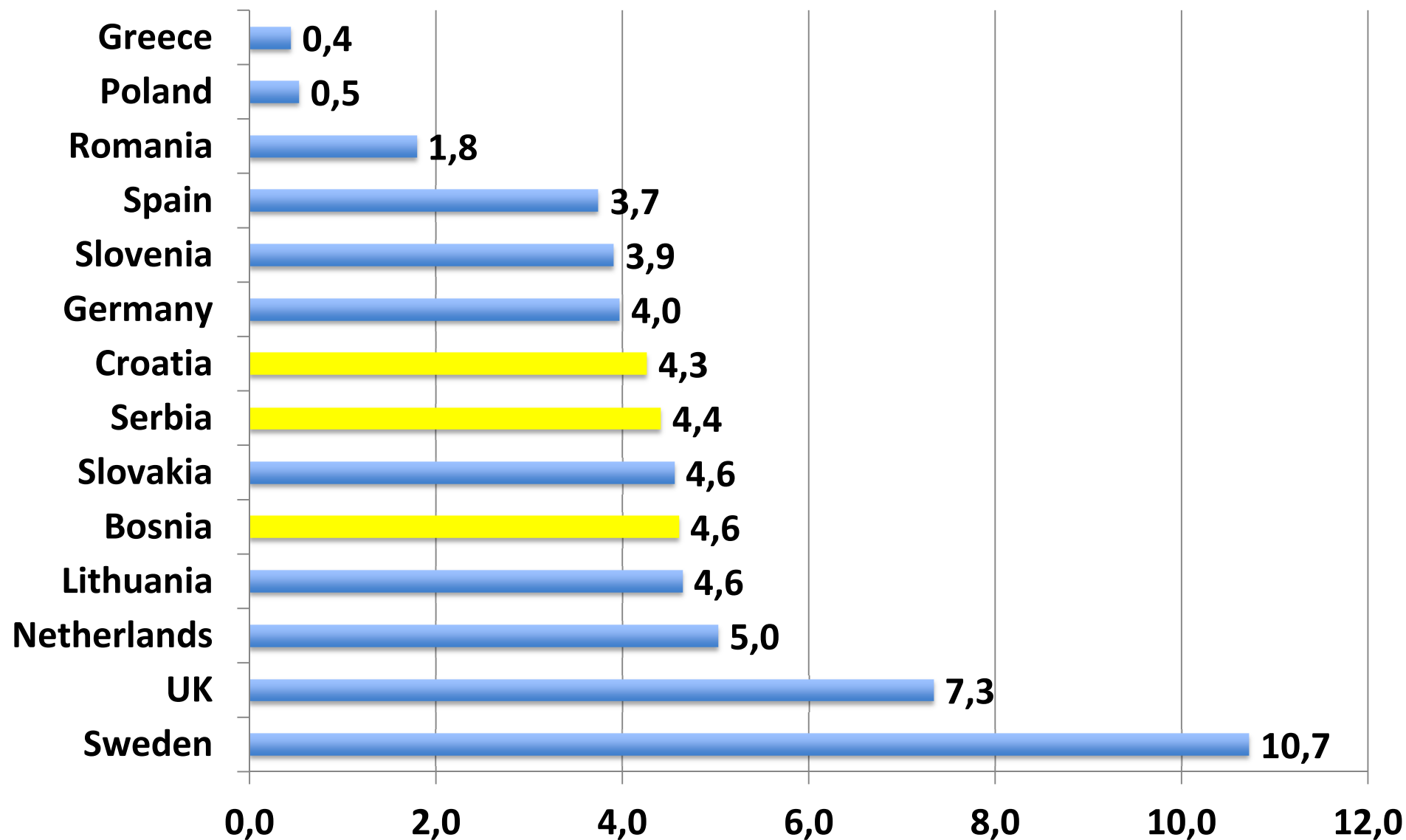
Social Protection Benefits 2011 (% GDP)



Social security benefits (% GDP)



Social assistance benefits (% GDP)



Policy conclusions

- Western Balkans as post-communist welfare regimes
- Drivers of change differ from in the west
 - Deindustrialisation and traditionalisation
 - Democratisation with interest group capture
- Little support for scaling up social assistance and improved targeting of benefits
- Case for universal benefits
 - esp. child allowance and improved vocational education and training