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 security benefits (% GDP)

- Ireland: 5.5%
- Sweden: 6.3%
- UK: 7.8%
- Romania: 9.7%
- Lithuania: 10.2%
- Portugal: 11.2%
- Latvia: 11.3%
- Bosnia: 12.4%
- Croatia: 12.8%
- Spain: 13.3%
- Slovakia: 13.5%
- Hungary: 13.8%
- Austria: 14.7%
- Serbia: 14.8%
- Slovenia: 15.7%
- Poland: 16.5%
- Netherlands: 17.6%
- Germany: 18.3%
- France: 20.2%
- Greece: 22.2%
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