Alfio Cerami and Paul Stubbs

Post-communist Welfare Capitalisms: Bringing Institutions and Political Agency Back In

Prosinac . December 2011

Radni materijali EIZ-a . EIZ Working Papers

ekonomski institut, zagreb

Br . No EIZ-WP-1103

Radni materijali EIZ-a
EIZ Working Papers
EIZ-WP-1103

Post-communist Welfare Capitalisms: Bringing Institutions and Political Agency Back In

Alfio Cerami
Independent Researcher
www.policy-evaluation.org/cerami
E. alfio.cerami@policy-evaluation.org

Paul Stubbs
Senior Research Fellow
The Institute of Economics, Zagreb
Trg J. F. Kennedyja 7
10000 Zagreb, Croatia
T. 385 1 2362 200
F. 385 1 2335 165
E. pstubbs@eizg.hr

www.eizg.hr

Zagreb, December 2011

IZDAVAČ / PUBLISHER:
Ekonomski institut, Zagreb / The Institute of Economics, Zagreb
Trg J. F. Kennedyja 7
10000 Zagreb
Croatia
T. 385 1 2362 200
F. 385 1 2335 165
E. eizagreb@eizg.hr
www.eizg.hr

ZA IZDAVAČA / FOR THE PUBLISHER:
Sandra Švaljek, ravnateljica / director

Tiskano u 80 primjeraka
Printed in 80 copies

ISSN 1846-4238
e-ISSN 1847-7844

Contents

Post-communist Welfare Capitalisms: Bringing Institutions and Political Agency Back In

Abstract:
This article explores the post-communist worlds of welfare capitalism in Central, Eastern and South Eastern Europe, including the successor states of the former Soviet Union. It discusses recent developments, whilst offering some additional theoretical reflections on the key factors that have shaped welfare state change over time. The text explores key institutional features characterising these worlds of welfare capitalism in transition. In order to highlight the actions of political elites in the market, we discuss the notions of "state-enabled", "state-influenced" and "state-interfered" market economies. In this article, we introduce the term "captured welfare systems" to refer to the ways in which some states and political elites interfere in the market in order to capture resources. In the conclusion, we move beyond classical approaches to institutional change based on path-dependency and lock-in arguments, drawing attention to the importance of bringing *institutions* and *political agency* back into the analysis of welfare and its transformations.

Keywords: political economy of welfare capitalism, captured welfare system, Central and Eastern Europe, South Eastern Europe, former Soviet Union
JEL classification: D60, D72, H53, I38, P20, P30

Postkomunistički socijalni kapitalizam: ponovno razmatranje utjecaja institucija i političkog djelovanja

Sažetak:
U radu se istražuje postkomunistički svijet socijalnog kapitalizma u Srednjoj, Istočnoj i Jugoistočnoj Europi, uključujući države sljednice Sovjetskog Saveza. Razmatraju se novija događanja, uz teorijski osvrt na ključne čimbenike koji su utjecali na promjene socijalne države tijekom vremena. Istražuju se ključne institucionalne značajke socijalnog kapitalizma tijekom tranzicije. Kako bismo naglasili djelovanje političkih elita na tržištu, razmatramo pojmove „tržišna ekonomija koju omogućuje država", „tržišna ekonomija pod državnim utjecajem" i „tržišna ekonomija koju karakterizira upletanje države". U radu se uvodi pojam „zarobljene socijalne politike" što se odnosi na načine na koji se neke države i političke elite uključuju na tržište kako bi prisvojili resurse. U zaključku se odmičemo od klasičnih pristupa institucionalnim promjenama koji naglašavaju utjecaj povijesnog nasljeđa – u smislu ovisnosti o prijeđenom putu (*path dependency*) ili uhodanih načina odlučivanja (*lock-in*) – te ukazujemo na važnost ponovnog uvođenja institucija i političkog djelovanja (*political agency*) u analizu socijalnih politika i njihovih transformacija.

Ključne riječi: politička ekonomija socijalnog kapitalizma, zarobljena socijalna politika, Srednja i Istočna Europa, Jugoistočna Europa, bivši Sovjetski Savez
JEL klasifikacija: D60, D72, H53, I38, P20, P30

1 Introduction

This article explores the post-communist worlds of welfare capitalism in Central, Eastern and South Eastern Europe, including the successor states of the former Soviet Union. It discusses recent developments, offering additional reflections on the key factors that have shaped welfare state change. The article moves away from a simple classification of political economy models and welfare regimes, examining the role that state and state-like actions, primarily those of international actors, play in welfare state building.

We discuss the key institutional features that characterise these worlds of welfare capitalism in transition, analysing their strengths and weaknesses in terms of social protection. In the process, we move beyond classical approaches to institutional change based on path-dependency and lock-in arguments (see North, 1990; Pierson, 1998; Streeck and Thelen, 2005), drawing attention to the importance of *political agency* in welfare transformations.[1] Highlighting the actions of political elites in the market, we discuss notions of "state-enabled", "state-influenced" and "state-interfered" market economies (see Schmidt, 2009). We also introduce the notion of "captured welfare systems" in terms of the ways in which, in some settings, political elites capture and redistribute resources along clientelistic principles. It is in and through the complex combination of these factors, we suggest, that the welfare architecture of countries in transition is constructed.

Whilst surveying the region as a whole, we focus in particular on twenty-one countries, grouped into a number of sub-regions: Czech Republic, Hungary, Poland and Slovakia for Central Europe; Estonia, Latvia and Lithuania for the Baltic States; Bulgaria and Romania for South Eastern Europe/EU; Albania, Bosnia and Herzegovina, Croatia and Serbia for South Eastern Europe/non-EU; and Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Ukraine and Uzbekistan for the former Soviet Union. The need for the inclusion of such a wide spectrum of case studies is dictated by the necessity of exploring similarities and differences in a highly diversified region. In fact, whilst these countries all share a communist past, many are new nation states emerging from the break-up of the Yugoslav and Soviet federal states, having, over time, developed important differences in terms of political functioning, nature of the economy and welfare regime development.

The paper seeks to complement a growing contemporary literature on political economy (see Bohle and Greskovits, 2007; Hancké, Rhodes and Thatcher, 2007; Lane and Myant, 2007; Nölke and Vliegenthart, 2009; Myant and Drahokoupil, 2010) with emerging research on welfare states in transition (see Aidukaite, 2006, 2009, 2010; Cerami, 2006; Deacon and Stubbs, 2007; Inglot, 2008). In line with Cook (2007, 2010a, 2010b) and Haggard and Kaufman (2008), we argue that political economy matters, but that there is a need, within this, to explore the role of political elites in the development of welfare

[1] For recent similar calls, see Mahoney and Thelen (2009) and Schmidt (2010).

regimes. In this way, we move beyond the formalistic propositions of some political economy models, arguing that the study of elite capture of resources is crucial to understand how contemporary welfare regimes are organised in parts of the region. Tracing elite capture through distortions in both mechanisms of coordination and the redistribution of resources, forms a key link between political economy, political agency and welfare regime type. Distortions can occur in the acquisition of rights and privileges, and in the redistribution of benefits and entitlements, subsequently altering the patterns of institutional change. Our focus on the post-communist world builds on existing theories of institutional evolution (see Cerami and Vanhuysse, 2009; Streeck, 2009; Steinmo, 2010) which look not only at institutional settings, but also at institution-shaping politics and processes of contention (see Tilly and Tarrow, 2007).

The article first explores, in Part Two, recent literature on the political economy of social policy and on varieties of capitalism. In Part Three, it then examines the diverse varieties of capitalism and welfare regime types that are emerging in transition countries, paying attention to the role of the state and state-like actions. Part Four investigates the complex evolution of welfare institutions, examining issues related to the collection and redistribution of resources, framed in terms of elite capture. A concluding section returns to our central argument on the importance of bringing *institutions* and *political agency* back into the analysis of welfare and its transformations.

2 The Political Economy of Social Policy and Varieties of Capitalism Approaches

Crucially, political economy analysis is more than just adding together studies of political and economic processes and, instead, is concerned with understanding sets of structural and institutional dynamics which have a strong influence on development outcomes. Stated simply, "political economy analysis is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time" (Collinson, 2003: 10). A political economy approach aids understanding of the factors which impede or impel the introduction of policies to reduce poverty and social exclusion, through a better comprehension of the main drivers of institutional evolution. The approach presented here, in broad brush-stroke terms, moves beyond both rational-choice institutionalist theory (Shepsle, 1986; Fiorina, 1995; Bates, de Figueredo and Weingast, 1998; Weingast, 1998) and historical institutionalism (Hall, 1986; Steinmo, Thelen and Longstreth, 1992; Skocpol, 1995; Hall and Taylor, 1996; Thelen, 1999, 2004; North, 1990; Pierson, 2000), towards a rather eclectic mixture of sociological, actor-centred and, particularly, discursive institutionalism (March and Olsen, 1989; DiMaggio and Powell, 1991; Brinton and Nee, 1998; Scharpf, 1997; Schludi, 2005; Schmidt, 2006, 2008). Whatever the boundary disputes between these theories are, recent attempts to re-emphasise the role of agency (Mahoney and Thelen, 2009), and the interplay between ideas, discourses and agency (Schmidt, 2010), appear to offer a useful synthesis, utilised here to a large extent.

In general terms, a new political economy of social policy within social science needs to examine the drivers of economic and social progress, bringing *political agency* back in. Moving beyond deterministic economic analysis, this renewed emphasis on forms of coordination of the economic sphere gives particular attention to the state and to state-like actions, including the activities of a range of transnational actors which are increasingly recognised as significant in transition contexts. This approach examines patterns of political decision-making, including the role of interests, conflict and coalitions (Hancké, Rhodes and Thatcher, 2007), and struggles based on particular structures and forces including class, gender and "ethnicity" (Ost, 2005). The study of different modes of regulation and coordination of market activities seeks, in this context, to trace the dominant mechanisms of political, institutional and market governance.

Any political economy of social policy of transition societies is therefore faced with the somewhat paradoxical co-existence of rapid, radical and irreversible systemic change on the one hand, and, on the other hand, the continued impact of legacies of the past which, in often unexpected ways, continue to structure and even subvert reform agendas. Whilst political elites have sometimes viewed neo-liberal reform in parts of the region as a necessary means of breaking with the communist past (Horowitz, 2006), this has been very uneven and complex with many hybrid forms of political economy emerging not easily classified as either neo-liberal or social democratic, with the range of state forms, in the context of new nation-state building projects, and varieties of economic systems, also varying considerably and resisting easy labelling.

Since the path-breaking work of Hall and Soskice (2001) on varieties of capitalism (VoC), the study of types of contemporary market-based production systems has witnessed an exponential growth of publications.[2] The edited volume by Hall and Soskice (2001) identified not simply crucial institutional complementarities of the capitalist system, but also important comparative institutional advantages. These have, in turn, shed light on the economic vulnerabilities that each different variety of capitalism entails (Scharpf and Schmidt, 2000). Challenging a growing assumption regarding convergence towards an emergent "global capitalism" (Burawoy, 2001), the VoC approach has shown how contemporary capitalist models vary greatly in terms of the coordination of market actions. In the literature, overwhelmingly concentrating on relatively long-standing and stable capitalist systems, this is usually presented as a continuum with liberal market economies (LMEs) on one side and coordinated market economies (CMEs) on the other. In LMEs the state adopts a classical *laissez-faire* approach, avoiding intervening in economic actions, preferring to leave these to market forces. In this variety of capitalism, welfare institutions play only a residual role in poverty reduction, with limited state interventions in social

[2] For a review, see debate in *Socio-Economic Review* (2009).

protection. In CMEs, by contrast, the state takes a more active role in economic regulation, influencing the actions of market actors through a variety of economic, monetary and fiscal policies. There is also a more active welfare state responsible for extensive skills production and social reproduction. The establishment of a well-functioning skills production regime represents for CMEs a vital institutional complementarity able to provide important comparative institutional advantages to the capitalist system.

Recently, the classic VoC approach has been adapted to analyse more systematically the role of the state and of state-like actions in influencing specific patterns of market production and coordination. Schmidt (2009), in particular, has identified a third variety of capitalism which she terms a state-influenced market economy (SIM), typical of France and Italy. Here, the state plays a much more active role than in ideal-typical LMEs or even CMEs. Schmidt's conceptualization is theoretically relevant and useful for this study, albeit requiring some amendments, not least since her studies are also confined to relatively stable, historically long-standing, advanced capitalist regimes. Crucially, her approach brings the state back in, and also addresses state-like actions, notably including the role of international organisations, in the analysis of political economy. This is of vital importance in the region with which we are concerned where emergent states tend to share sovereignty with international organisations. For Schmidt's "discursive institutionalism", taking the state seriously means considering it in all its complexity, not only in terms of the institutional context, but also in terms of policy, polity, and politics. In the process, she strikes a balance between path dependency and path creation, continuing to emphasise the importance of institutions, self-reinforcing mechanisms and historical legacies (Streeck and Thelen, 2005), whilst not neglecting the balance of political and social forces (Lane, 2007) and change as a result of particular strategies (Cook, 2007; Haggard and Kaufman, 2008; Cerami and Vanhuysse, 2009).

3 Varieties of Capitalism in Transition: The Making of Post-communist Political Economies

Thus far, the main focus of political economy analysis has been on Western post-industrial societies, emphasising positive and negative externalities (see, for instance, Amable 2003). There is emerging analytical work on identifying the key drivers of economic and social progress in post-communist countries, although much of the literature on post-communist countries in transition is still overly empirical and rather descriptive, concentrating more on outcomes and on a wide range of social indicators. When there has been analysis of the region, this has tended to concentrate only on the Central and Eastern European sub-region (cf. Bohle and Greskovits, 2007; King, 2007; Lane and Myant, 2007; Nölke and Vliegenthart, 2009). Often such studies have adopted a rather Western-centric perspective, analysing performance in terms of convergence to Western models of democracy, of production and redistribution of wealth, and of welfare regimes. When the region as a whole is addressed, the literature has overemphasised country-specific peculiarities and the diversity of national economic, political and institutional structures, often failing to produce any clear and systematic categorisation of key characteristics (Hancké, Rhodes and Thatcher, 2007; Lane and Myant, 2007; Myant and Drahokoupil, 2010) or the important differences that exist among closely related countries (for a notable exception, see Inglot, 2008).

Adaptation of a VoC approach to countries in transition from socialism and communism necessitates a more complex and provisional labelling of emerging political economies. New labels abound here, with Shkaratan (2007) and Hanson and Teague (2007) defining the Russian Federation as a new form of "etacratism" or of "political capitalism", whereas Lane (2008), emphasising political coordination, labelled it as "state influenced capitalism". Mykhnenko (2007) has described Ukraine as "social market regulated capitalism", while Charman (2007) has defined Kazakhstan as a "state-led liberalized market economy". Other more general classifications have also included the Hancké, Rhodes and Thatcher (2007) definition of post-communist capitalisms as "emerging market economies" (EMEs) or the Nölke and Vliegenthart (2009) definition of "dependent market economies". The recent and highly influential work of Bohle and Greskovits (2007) has divided the Central and Eastern European region into three substantially different sub-clusters, depending on the degree of convergence towards a neo-liberal model. These correspond to a "neo-liberal" type in the Baltic States, an "embedded neo-liberal" type in the Visegrad states, and a "neo-corporatist" type in Slovenia (see also Lendvai, 2009). In terms of Central and Eastern Europe, Deacon (1992) described Poland as a "post-communist conservative corporatist" welfare state, Czechoslovakia as a "social democratic" model, while Hungary was seen as a "liberal welfare regime" (see also Ferge, 2001). For Aidukaite (2006, 2010), Cerami (2006) and Żukowski (2009), the ten new Eastern EU member states can be described in terms of a distinct post-communist welfare regime type, while for Szalai (2005), Gans-Morse and Orenstein (2006) and Fuchs and Offe (2009), a mixture of corporatism and liberalism or of corporatism and social democracy (Fenger, 2007) is the main characteristic of these countries. Other more diversified categorisations also exist. For Szikra (2004), Tomka (2004), Bakken (2008), Sirovátka and Saxonberg (2008) and Hacker (2009), a hybrid mix of neo-liberalism, corporatism and social democracy is a key feature in this region, which crystallises in a variety of different and not easy to identify forms (see Table 1).

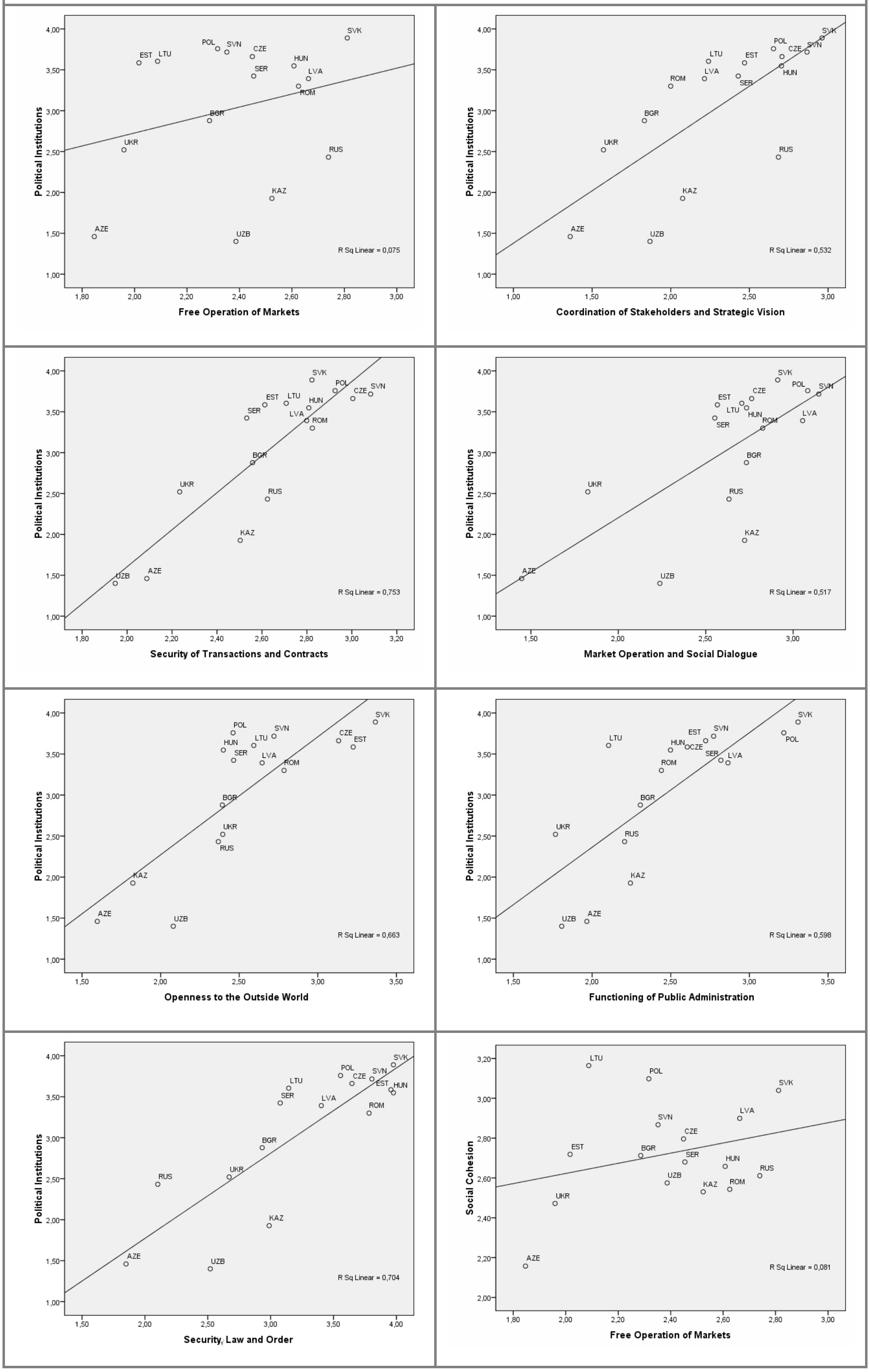
The analyses conducted by these authors have clear merits, but tend to highlight only particular characteristics of a more variegated pattern of political and economic decision-making and governance. On the basis of the considerations above, it is possible to sketch more complex patterns of state and of state-like actions occurring in different sub-regional clusters. Deriving from Schmidt's work (2009: 526), we complement the existing literature on capitalism in the region with a more in-depth examination of data provided by the Institutional Profile Database (IPD) (de Crombrugghe et al., 2009). Here, we examine the influence of political institutions – expressed in terms of market coordination and regulation – against key institutional variables, such as the free operation of markets, coordination of stakeholders and strategic vision, security of transactions and contracts, market operation and social dialogue, openness to the outside world, functioning of the public administration, security law and order and social cohesion. In addition, we also explore the relation existing between the free operation of markets and social cohesion, finding almost no positive correlation (see Figure 1).

Table 1 **Post-communist Welfare Capitalisms**

Author	**Countries**	**Main Approach**
Shkaratan (2007)	Russian Federation: etacratism	VoC* (political economy)
Hanson and Teague (2007)	Russian Federation: political capitalism	VoC (political economy)
Lane (2008)	Russian Federation: state influenced capitalism	VoC (political economy)
Mykhnenko (2007)	Ukraine: social market regulated capitalism	VoC (political economy)
Charman (2007)	Kazakhstan: state-led liberalized market economy	VoC (political economy)
Hancké, Rhodes and Thatcher (2007)	Czech Rep., Hungary, Poland and Slovakia: post-communist capitalisms as emerging market economies (EMEs)	VoC (political economy)
Nölke and Vliegenthart (2009)	Czech Rep., Hungary, Poland and Slovakia: dependent market economies	VoC (political economy)
Myant and Drahokoupil (2010)	Central and Eastern Europe, former Soviet Union: diversified national welfare regimes	VoC (political economy)
Bohle and Greskovits (2007), Lendvai (2009)	Central and Eastern Europe: neo-liberal type in the Baltic States, embedded neo-liberal type in the Visegrad states, and neo-corporatist type in Slovenia	VoC (political economy)
Deacon (1992), Ferge (2001)	Poland: post-communist conservative corporatist welfare state; Czechoslovakia: social democratic model; Hungary: liberal welfare regime	Welfare regime (social protection)
Aidukaite (2006, 2009, 2010), Cerami (2006), Żukowski (2009)	Central and Eastern Europe: unique post-communist welfare regime	Welfare regime (social protection)
Szalai (2005), Gans-Morse and Orenstein (2006), Fenger (2007), Fuchs and Offe (2009)	Central and Eastern Europe: a mixture of corporatism and liberalism or of corporatism and social democracy	Welfare regime (social protection)
Szikra (2004), Tomka (2004), Haggard and Kaufman (2008), Inglot (2008), Bakken (2008), Sirovátka and Saxonberg (2008), Cerami and Vanhuysse (2009), Hacker (2009)	Central and Eastern Europe: hybrid regimes	Welfare regime (social protection)
Cook (2007, 2010a), Frye (2010)	Central and Eastern Europe, former Soviet Union: diversified national welfare regimes	Welfare regime (social protection)
Deacon and Stubbs (2007)	South Eastern Europe: diversified sub-regional welfare regimes	Welfare regime (social protection)

*Note: * VoC stands for varieties of capitalism.*

Figure 1 **Political Institutions and Market Coordination**

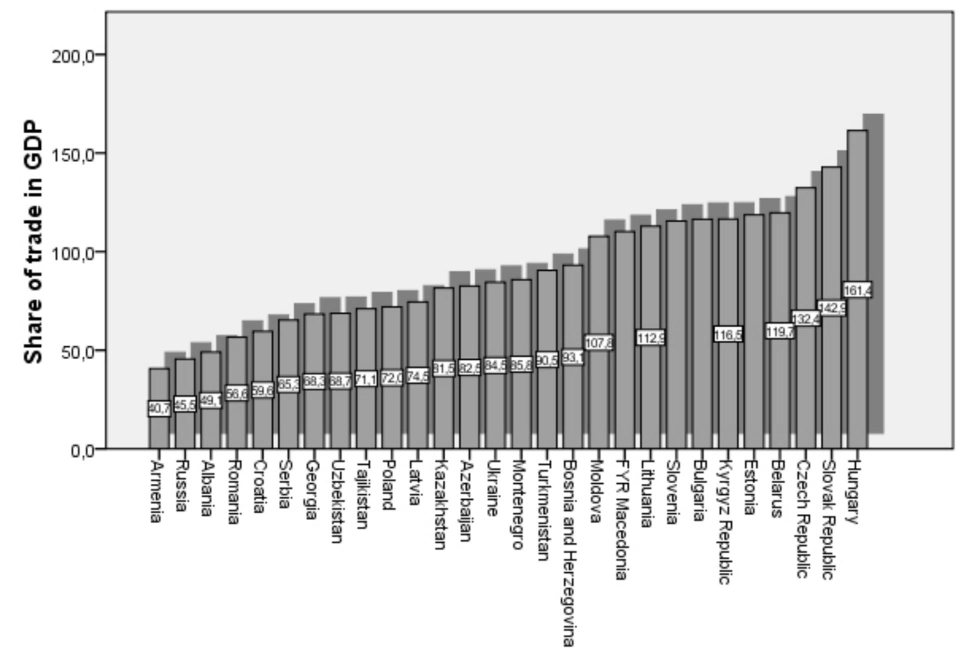


Sources: de Crombrugghe et al. (2009), authors' calculations.

State-Enabled Market Economies

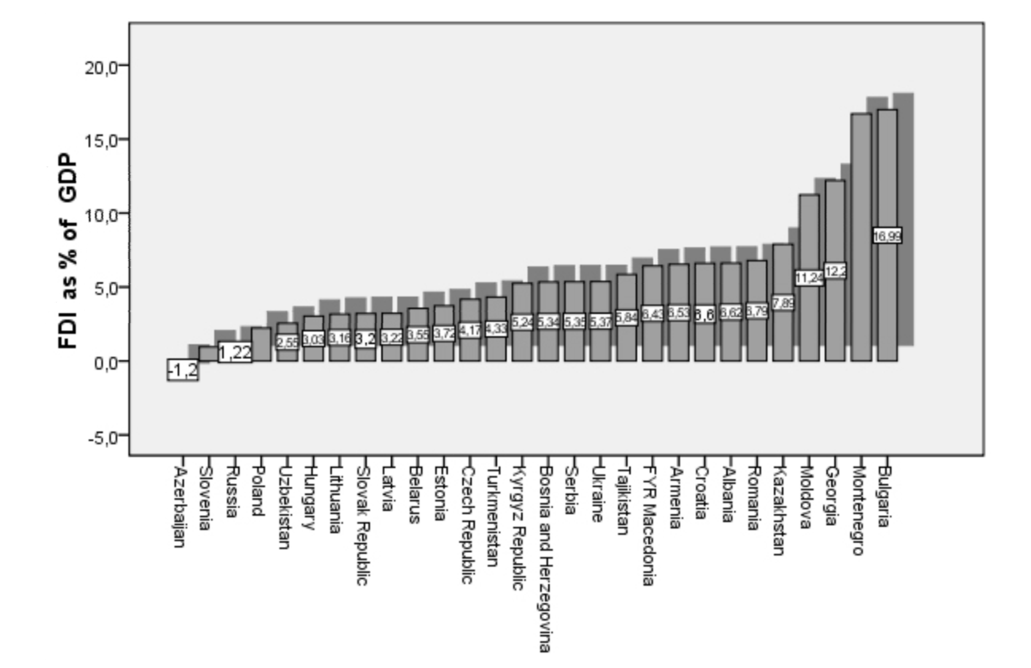
We define the EU member states in Central and Eastern Europe and the Baltic States (namely, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia in our sub-sample) as *state-enabled market economies* characterised by a mix of market-enabling state interventions and policy-making (Cerami, 2006; Aidukaite, 2006; Bohle and Greskovits, 2007; Hancké, Rhodes and Thatcher, 2007; Lane and Myant, 2007; Fuchs and Offe, 2009; Golinowska, Hengstenberg and Żukowski, 2009; Lendvai, 2009; Nölke and Vliegenthart, 2009; Żukowski, 2009). These post-communist states have leaned towards a *laissez-faire* approach to economic growth combined with policies to promote social cohesion. The actions of state and state-like actors, notably the EU, the World Bank and the IMF, have tended to result in a mixture of an enabling and liberal state (Ferge, 2001; Bohle and Greskovits, 2007; King, 2007; Nölke and Vliegenthart, 2009), in which pressures for regulation and de-regulation have combined in somewhat contradictory and paradoxical forms. The precise location of each country varies in terms of the propensities of ruling coalitions (Cook, 2007; Haggard and Kaufman, 2008; see also Iversen and Soskice, 2006; Manow, 2009), with Estonia, Latvia and Slovakia having moved closer to a liberal state form and more explicitly than in Czech Republic, Hungary, Lithuania and Poland implementing neo-liberal policies with less of an emphasis on social cohesion (Bohle and Greskovits, 2007). In this group of countries, there is clear evidence of an export-led foreign direct investments growth model (see Figure 2 and Figure 3).

Figure 2 **Share of Trade in GDP (in %) (2008)**



Sources: EBRD (2009), authors' calculations.

Figure 3 **Foreign Direct Investments as Percentage of GDP (2008)**



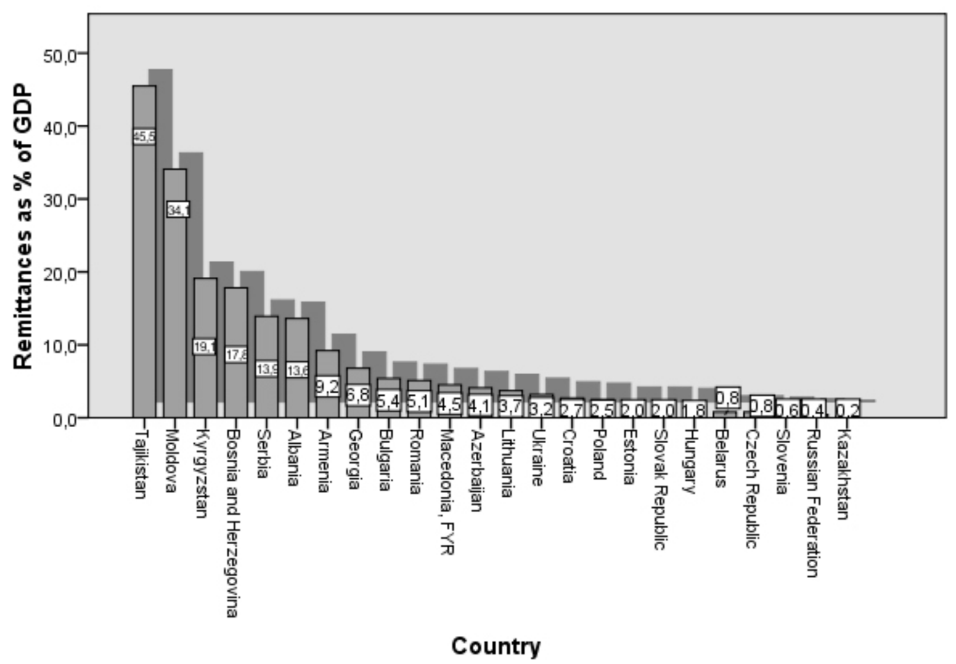
Sources: EBRD (2009), authors' calculations.

Despite successes facilitated by EU membership, in terms of increasing trade with other EU member states, this political economy approach to transition has made the countries in this sub-region particularly vulnerable to changes in foreign demand, as well as to the economic performance of those countries which constitute primary export markets. The global financial crisis has made these economic vulnerabilities even more apparent. Since October 2008, a drastic diminution of exports and foreign direct investments from the West has, in fact, occurred (World Bank, 2009a) and this has contributed to the emergence of serious currency crises and to a substantial increase in poverty and income inequality, but not yet, particularly in Central Europe, we would argue, to a significant erosion of social protection systems as a key set of institutional complementarities.

State-Influenced Market Economies

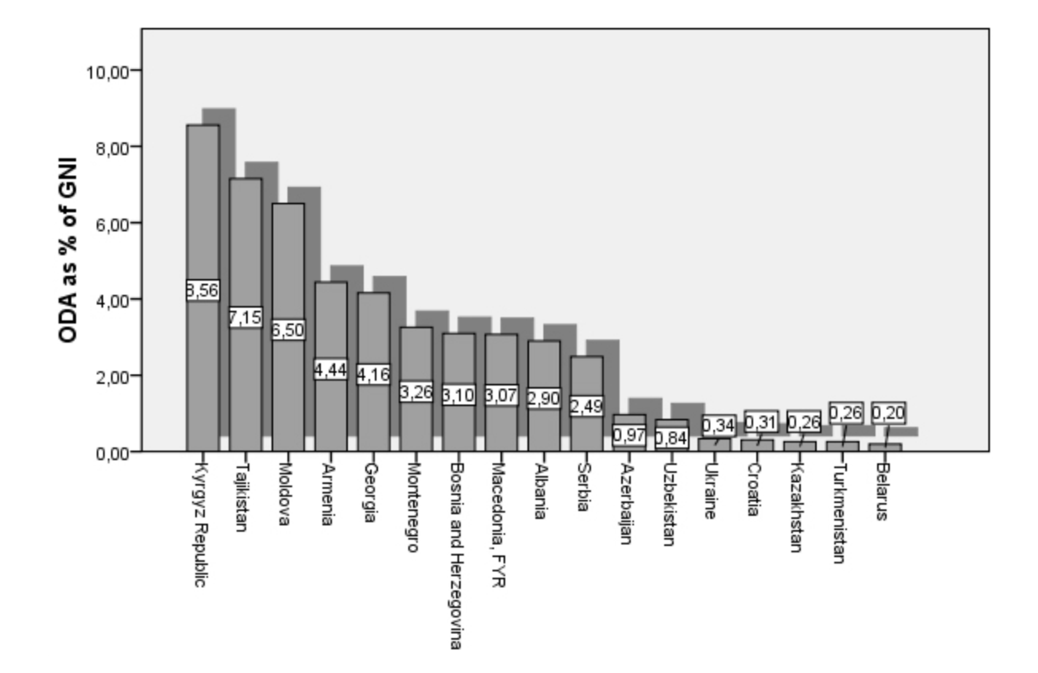
The countries of South Eastern Europe (namely, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania and Serbia) are, in this context, defined as *state-influenced market economies* characterised by a mix of influencing state actions and neo-liberal *laissez-faire*. The state does not always act here as a neutral site but, rather, often acts in favour of particular elites, with a degree of clientelism in terms of the allocation of privileges in return for political support. This can take the form of "institutional particularism" familiar in the study of Southern European welfare regimes (Ferrera, 2000), involving the allocation of jobs based on party affiliation and the distribution of benefits according to political loyalties. There is a rather wide range within this group, with many processes radically unfinished but, paradoxically, less influenced by routine electoral processes (see Deacon and Stubbs, 2007; Stambolieva and Dehnert, 2011). For this group of countries, the legacies of the past are particularly strong, especially in the context of still unresolved nationalist and ethnicised disputes, notably in Croatia and Serbia following the wars of the Yugoslav succession. An important characteristic of these countries also concerns the delocalisation of small-size enterprises as well as the creation of a regional export market largely reliant, except for the new EU member states of Bulgaria and Romania, on trade within the South Eastern European region itself. This can be explained in terms of Tito's legacy of a federal Yugoslavia and the new regulatory frame of the revised CEFTA (Stubbs, 2009). In this case, the growth model is still led by remittances and donor assistance both in the EU member states and non-member states (see Figure 4 and Figure 5). Whilst it could be argued that these countries' recent growth has been fuelled by exports and foreign direct investments, the problems in South Eastern Europe have primarily been linked to the fact that trade has narrowly been focused and foreign direct investments have been concentrated in some sectors at the expense of others (World Bank, 2009a). Again, the political economy model embraced by these countries has tended to be particularly vulnerable to external economic shocks, such as the global crisis (Stubbs et al., 2009). It has depended on the amount of donor assistance that donor countries have been able to offer, and on the amount of remittances that migrant workers have been able to send home.

Figure 4 **Remittances as Percentage of GDP (2007)**



Source: World Bank (2009b).

Figure 5 **Donor Assistance as Percentage of GNI (2008)**

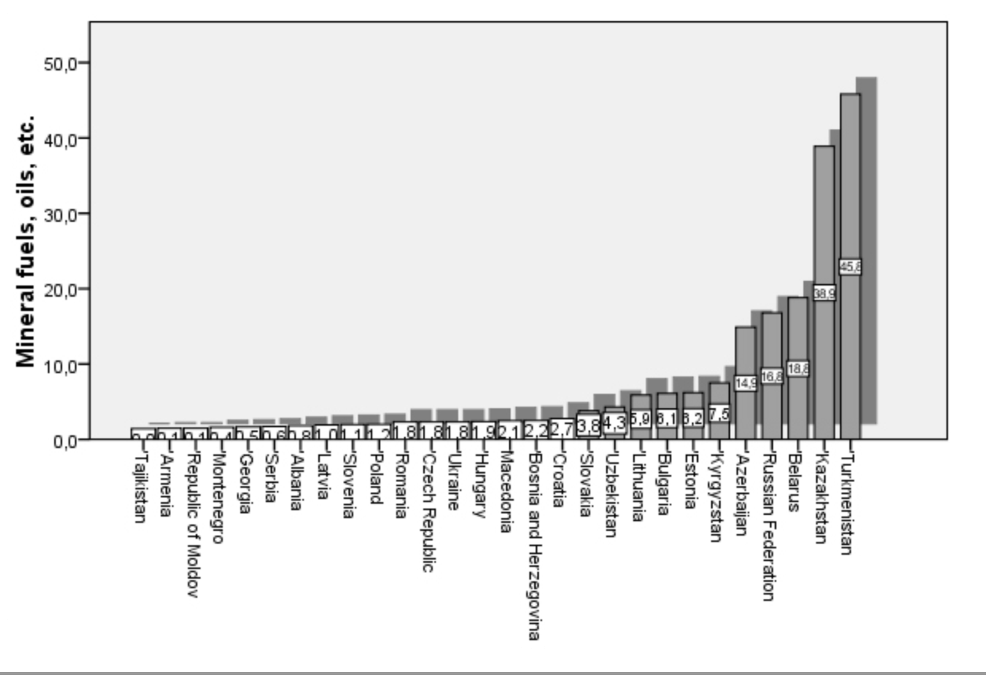


Sources: World Bank (2009c), authors' calculations.

State-Interfered Market Economies

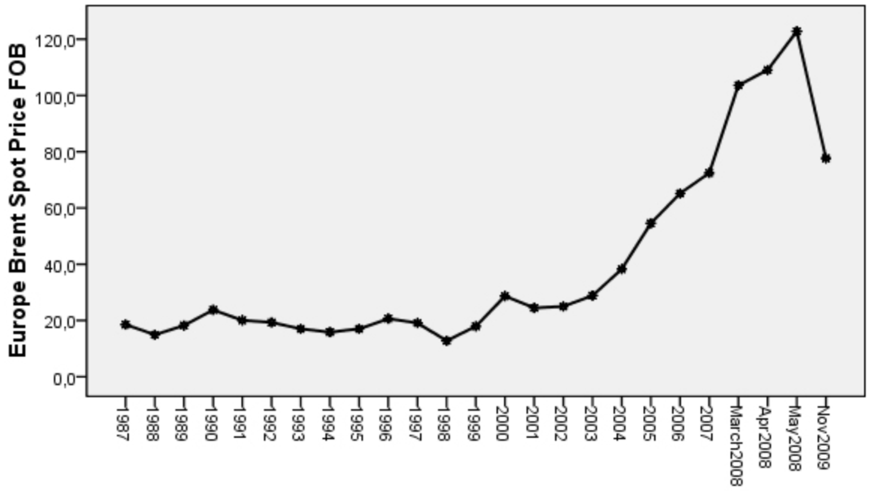
The countries of the former Soviet Union (Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Ukraine and Uzbekistan) are quite differentiated in terms of their political, economic and social structures. Despite differences within the region, a key feature that unites these states is the presence of more autocratic forms of government (Bunce, McFaul and Stoner-Weiss, 2009) that do not simply *enable* or *influence* the market (see Shkaratan, 2007; Hanson and Teague, 2007; Lane, 2008; Frye, 2010; Myant and Drahokoupil, 2010), but that *interfere* with it, often creating significant distortions (sometimes also referred to as "crony capitalism"; see Sharafutdinova, 2011). These are, in some ways, more institutionalised in governance structures than in South Eastern Europe (both EU and non-EU). In these countries, there are also tensions between more liberal policy-making in the market and a more authoritarian style of decision-making in the political environment which tend to become solidified at the levels of politics, polity and policy. In terms of state-like actions, especially during the first period of transition (1989-2000), international actors have greatly influenced the patterns of welfare state development in these countries, fostering rapid and uncontrolled de-regulation and privatisation of provisions (Orenstein, 2008; Orenstein, Bloom and Lindstrom, 2008). In the second period of transition, after 2000, new forms of state-dirigisme have emerged, which, in many cases, have resulted in openly nationalist and protectionist policies. Forms of clientelism are deeply embedded, with a fusion of political and economic elites in many cases, with social welfare providers becoming "brokers for themselves", with services subject to "spontaneous privatisation" and "shadow commercialisation" (Cook, 2010b). In terms of political economy of social policy, the oil producer countries of Azerbaijan, Kazakhstan, Russian Federation and Uzbekistan have embraced an oil-led growth model which has made them particularly dependent on oil and gas exports as well as on high oil and energy prices (see Figure 6 and Figure 7; see also World Bank, 2009a). An "oil-led political economy" has, in fact, been the main characteristic of the "Russian miracle" in recent years (Cerami, 2009), and this has also influenced existing social policies in the countries of the Commonwealth of Independent States. In this picture, a special case must be made for the donor assistance-remittance dependent non-oil producer countries of Georgia, Kyrgyzstan, Moldova and Ukraine (see Figure 4, Figure 5 and Figure 6; see also Myant and Drahokoupil, 2010). These countries have developed not simply an excessive dependence on imports of oil, primarily from the Russian Federation (bilateral dependence), but also, in some cases, on migrant remittances and on donor assistance (multilateral dependence). In terms of the dependence on oil and gas, these countries have become particularly vulnerable to the possibilities of buying these natural resources at the lowest possible prices, with clear repercussions for their political independence. In this context, sustained economic growth has depended not simply on the possibility of the migration of workers, but also on the acceptance in the host country of these migrant workers.

Figure 6 **Exports of Mineral Fuels, Oils, Distillation Products, etc. as Percentage of GDP (2007)**



Sources: International Trade Centre (2009), World Bank (2009c), authors' calculations.

Figure 7 **Europe Brent Spot Price FOB (Dollars per Barrel)**



Sources: Energy Information Administration (2009), authors' calculations.

4 Post-communist Welfare and Elite Capture

On the basis of the analysis thus far, in this section we discuss the notion of elite capture of welfare systems, as a key concept in terms of the importance of *political agency* in welfare state transformations. Our emphasis is on country-specific patterns of political decision-making allied with associated market-distorting and redistribution-distorting mechanisms. Countries vary in terms of the nature, form and coverage of social protection systems and, crucially, the extent to which access to social protection is captured and distorted. This in turn impacts how different economies perform, so that it can be seen as both a cause and effect of the nature of dominant political economies. It is, of course, widely recognised that social welfare systems and social protection frameworks are a product of institutional structures, political practices and the drivers of political economy, which create or limit opportunities for development (Ebbinghaus and Manow, 2001; Hemerijck, 2010). By providing important comparative institutional advantages to the capitalist system (Hall and Soskice, 2001), welfare institutions play, in this context, a central role in both social and economic reproduction (Esping-Andersen, 1990), subsequently influencing the political economies of social policy themselves. They do not simply cushion the adverse effects of negative economic performances, but they also support economic growth and economic and social progress. In the classical literature on varieties of capitalism, education and training are taken as the most notable examples of how different investments in different welfare arrangements can foster or hinder economic and social progress (see Estevez-Abe, Iversen and Soskice, 2001; Hall and Soskice, 2001; Cerami, 2008; Iversen and Stephens, 2008).

In fact, more than twenty years of transition have witnessed growing and solidified sub-regional disparities in terms of the extent and nature of inequality, poverty and social exclusion (World Bank 2009a). Whilst the first wave of transition had high social costs throughout the CEE-CIS region, later patterns appear to have been structured largely in terms of sub-regional political economies, influenced by: legacies, the nature of reform paths (gradualist, shock therapy or limited/non-reform), the kinds of institutional complementarities that have been built (or not), dominant political discourses, elite (and middle class) practices, and patterns of political struggle (Cerami and Vanhuysse, 2009). Whilst inequality, poverty and social exclusion are different from each other, they are clearly closely related, not least in terms of their linkage to processes of production and reproduction and the nature of the political management of the economy, with important effects on the citizens' well-being and happiness.[3]

Going more into details, the countries in Central and Eastern Europe (Czech Republic, Hungary, Poland and Slovakia) and the Baltic States (Estonia, Latvia, Lithuania) have developed systems of social protection that are marked by considerable variation in terms of whether they offer a residual or comprehensive (see Aidukaite, 2006; Inglot, 2008; Cerami and Vanhuysse, 2009), sometimes "premature" (Kornai, 1980), social protection system, and whether they are marked by a generally non-polarised or non-captured form of access to benefits. These considerations involve old-age pensions, but also protection against unemployment and against employment-related injuries, access to health care, to means-tested benefits, to family policies, to maternity leave, and so on. Overall, these models display both path-dependent as well as path-breaking characteristics, in terms of their institutional context and political and electoral exigencies. However, whilst the main drivers of political economy and, indeed, economic vulnerabilities are broadly similar throughout the region, the nature of welfare legacies and the broad span of dominant political ideas on welfare differ considerably (Haggard and Kaufman, 2008; Inglot, 2008). Crucially, there is no structural or political capture of social welfare although a mixture of Bismarckian social insurance and Europeanized active inclusion policies can be seen as acting together to support those in work or with a strong contributions record at the expense of a non-working or low contribution sector (Cerami, 2006). Whilst the economic and financial crisis has reduced fiscal space to an extent in Central Europe, its impacts have been more dramatic in Estonia, Hungary, Latvia, Lithuania and Poland, compounded by significant declines in foreign direct investments and in exports, alongside problems in the banking sectors. In addition, whilst there is a degree of formal and informal marketization of services, in much of these countries only a small elite have opted out of public services, with the middle class still tending to both utilise, and vote for, public services. At the same time, an enabling state has facilitated and, on the whole, regulated fairly an emerging group of not-for-profit non-state providers adhering to quality standards. In a sense, the tensions in the region are in terms of striking a balance between a more traditional European social model marked by universalism, a mix of insurance-based and direct state spending on social

[3] For an extensive review, see Selezneva (2011).

welfare, and significant redistribution, on the one hand, and a "race to the welfare bottom" in terms of low taxes, flexible labour markets, low wages, targeted social protection and minimal redistribution, on the other hand (cf. Vaughan-Whitehead, 2003).

By contrast, the emergent democracies of South Eastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, and Serbia) can be portrayed as more intermediate and mixed, with a similar range from residual to comprehensive, albeit with a tendency towards residual and captured or distorted models (Deacon and Stubbs, 2007). The nature of capture varies significantly in this case, although a significant issue in Croatia and Serbia relates to privileged treatment of war veterans and those disabled by war, as well as the cumulative effects of exclusionary and ethnicised models of citizenship and/or of entitlement. These countries are in the process of Europeanization of their social protection systems so that patterns of protection and coverage may come to resemble those of their CEE (Czech Republic, Hungary, Poland and Slovakia) and Baltic (Estonia, Latvia and Lithuania) neighbours over time. Important to note here is that distortions caused by legacies are less easy to erode in this sub-region and are also less subject to exigencies of electoral cycles (cf. Deacon and Stubbs, 2007; Stubbs and Zrinščak, 2009). The reason for this primarily lies in the more complex patterns of decision-making present in these countries, which is often still framed along highly conflictual political and ethnic dividing lines. In some cases, the party which secured independence, with close links with the military and with economic elites benefiting from privatisation, continues to operate in terms of rent-seeking. In other settings, ethnicised elites redistribute resources based on ethnicised, rather than territorial, citizenship claims. In terms of South Eastern Europe/non-EU (Albania, Bosnia and Herzegovina, Croatia and Serbia) what is most notable is the unevenness of reform across sectors, with widespread liberalization in terms of labour markets, more diversity in terms of pension systems, little effective health service reform, and the rather late influence of the EU on more long-standing poverty reduction and social reconstruction agendas (Deacon, Lendvai and Stubbs, 2007). In these countries, affected by war and conflict in the 1990s, a post-conflict social development and reconstruction frame cuts across traditional social policy typologies. In terms of governance, the complexities of state fragmentation and (unfinished) state building in the region have led to a blurring between domestic and international actors in parts of the sub-region. Europeanization of social welfare is in evidence, particularly in the EU member states and candidate countries but even wider in terms of a cognitive shift towards a focus on social inclusion. However, this process is cut across by significant supra-national agency competition and by a complexity of strategic interests and alliances (Stubbs and Zrinščak, 2009), coupled with the continued impetus provided by a clientelistic fusion of political and economic elites. The former Yugoslav legacy of the region is important in terms of the early establishment of statutory social work services and, in parts of the region, the legacy of Bismarckian social insurance (at least for industrial workers) is also important. There is evidence of growing sub-national inequalities and particular disparities between capital cities and other urban areas and rural regions. Social policies are often captured in post-war areas in part as a result of politicization of war veterans and, in parts of the region, pensioners are also a powerful political lobby. The significance of remittances and donor assistance, combined with large-scale (often forced) migration, the existence of ethnicised pockets of "enclave welfare", and dual residence in different states, all promote a kind of delinkage between classical citizenship and welfare entitlement.

In this picture, the highly diversified region of the former Soviet Union is characterised by largely residual and highly captured systems of social protection, in which not simply protection and coverage are drastically limited, but also access to welfare benefits is polarised and permits the existence of more substantial special privileges, alongside informalised protection for non-privileged groups (Manning and Tikhonova, 2004; Cook, 2007, 2010b; Cerami, 2009). As elucidated by the supporters of the "resource curse hypothesis",[4] the presence of natural resources and its negative impact on market mechanisms here plays a determinant role. In the oil-rich states of Azerbaijan, Kazakhstan, Russian Federation and Uzbekistan, there has been a recent move to more comprehensive social protection but this, as noted above, remains highly volatile. In the donor assistance-remittance dependent non-oil producers of Georgia, Kyrgyzstan, Moldova and Ukraine, a slightly less captured economy and redistribution of resources also occurs, but the extent of acquisition and redistribution of resources continues, however, to be subject to limited political contestation (Frye, 2010; Spoor, 2010). In some ways, the social welfare and social protection systems in these countries are even more radically unfinished than in South Eastern Europe, with the fiscal space which oil revenues create being highly volatile. In much of this sub-region, old Soviet legacies have either been dismantled or faced chronic underfunding, although some continue to be present in the welfare system, notably captured by privileged groups such as war veterans, the police and sections of the political elite. Memories of Soviet social protection structures continue to influence, albeit in complex ways, current discourses of welfare, often in the context of the absence of normalised systems of interest representation. Captured or privileged social policy combines with elite rent-seeking and elite flight, for a small group of the population, whilst much of the rest of the population rely on "informal" welfare (Cook, 2007) with public services underfunded, increasingly marketized, and with considerable inequalities in access and outcomes. The greatest diversity in terms of social protection and welfare is, however, to be found amongst the non-oil-rich countries of Georgia, Kyrgyzstan, Moldova and Ukraine which have little in common with one another other than their dependence on oil and being successor states of the former Soviet Union. Many features of these countries' social protection systems are similar to those listed above in terms of ambiguous relations to a Soviet legacy, namely elite capture within a broad set of privileges, combined with a reliance on informal sectors for the majority of the population (Cook, 2007, 2010a; Frye, 2010). The role of international organisations varies in these countries depending on the underlying political complexion of the government, the nature of internal crises and,

[4] According to the supporters of the "resource curse hypothesis", the presence of natural resources, such as oil and gas, can hinder economic growth and democracy of a country through a variety of different means. These include political corruption, clientelism, low development in agricultural and service sectors, and so on (for a recent discussion, see Ross, 2001; Haber and Menaldo, 2011).

crucially, levels and extent of poverty. International financial institutions and, to an increasing extent, the European Union have started to be influential. The European Union's interest here has, thus far, been rather more geopolitical than social but this may slowly change and there may be more focus on Europeanized conceptions of social inclusion in the future. Important to note here is that international financial institutions and some key bilateral development agencies, notably USAID, have tended to work with political elites in parts of the sub-region to create a rather extreme variant of a liberal or neo-liberal market economy whilst leaving elements of elite rent-seeking and privilege astonishingly intact. A recent study on social exclusion throughout the region found significantly higher levels of exclusion in Kazakhstan and Moldova, compared to the Ukraine, suggesting that the interplay between political and economic factors are highly complex and, also, mediated through the actions of political elites (UNDP, 2011).

5 Conclusions: Why Institutions and Political Agency Matter

This article has briefly explored the main political economy models and welfare regime typologies that have emerged in post-communist countries since the fall of the Berlin Wall. In the different sections, we have attempted to sketch the actions of political elites in the market and discussed notions of state-enabled, state-influenced and state-interfered market economies. By highlighting the drivers and economic vulnerabilities in the global economy (Scharpf and Schmidt, 2000), we have attempted to outline the modes of insertion in the global economy and also the ways in which these have determined the scope for welfare interventions. In the specific context of post-communist transition, we have also introduced the notion of "captured welfare systems" to refer to the interferences that states and political elites engage in the market, as well as to their actions in capturing and redistributing resources. These are dominant in constructing the architecture of emerging post-communist worlds of welfare capitalism. In the course of this article, what we have tried to emphasise is not simply that *institutions* matter, but also *political agency*. As has been discussed, political actors in these countries have put in place different mixes of state-enabling, state-influencing and state-interfering market strategies with associated different forms of *elite captured regimes*. Important political leaders in post-communist countries, such as Balcerowicz in Poland, Orbán in Hungary, Tuđman in Croatia, Milošević in Serbia, Putin in Russia, Nazarbayev in Kazakhstan, or Yushchenko in Ukraine, to name only a few, have been far from neutral actors in the process of institutional transformations, succeeding, during their time in government, to promote, on the one hand, their specific political ideas and discourses to the masses, while, on the other, to give a particular imprint to the system of social protection of their respective countries. This has then had important repercussions for the set of vested interests established, and for the ways these interests have been defended by political elites in the political arena, challenged by citizens in the squares, ultimately affecting the creation of different worlds of welfare capitalism. Transition from communism to free market economies has not been a neutral or painless exercise, but it has involved the materialization of clear winners and losers of transition. The former correspond to those elites who managed to turn their previous political capital into economic capital (King and Szelényi, 2004), while the latter have usually corresponded to the rest of the population. Together with Frye (2010), we support, therefore, the thesis that both *institutions* and *politics* matter in shaping the patterns of political polarisation of a country, but we emphasise also the fact that this has a lot to do with the specific actions of specific political agents situated at the various levels of national and international decision-making. These actors (both national and international) should, in fact, be seen not as silent *receivers* of institutional norms and rules, but, rather, as important *institutional modifiers* able to influence the institutional set-up of a country (in more or less democratic ways) and to promote specific social reform programmes and policies at the expense of others (see Schmidt, 2008, 2010; Mahoney and Thelen, 2009). Moreover, in line with Häusermann (2010), we argue that the process of welfare reforms in post-communist countries also involves the emergence of new and not yet resolved cross-cutting lines of political conflicts between those with access to resources and those reliant on the redistribution of such resources. This results in governments in post-communist countries engaging in diverse strategies of political exchange and coalition-building, which materialize along still unclear new cross-class coalitions and in terms of variegated reform packages. These arguments set a path for future research on post-communist countries, in which not only historical legacies and path dependencies are examined, but also the actions of political agents are carefully investigated.

References

Aidukaite, Jolanta, 2006, "The Formation of Social Insurance Institutions of the Baltic States in the Post socialist Era", *Journal of European Social Policy,* 16(3), pp. 259-270.

Aidukaite, Jolanta, 2009, "The Transformation of Welfare Systems in the Baltic States: Estonia, Latvia and Lithuania" in Alfio Cerami and Pieter Vanhuysse, eds., *Post-Communist Welfare Pathways: Theorizing Social Policy Transformations in Central and Eastern Europe,* pp. 96-111, Basingstoke: Palgrave Macmillan.

Aidukaite, Jolanta, 2010, "Welfare Reforms in Central and Eastern Europe: A New Type of Welfare Regime?" *Ekonomika,* 89(4), pp. 7-24.

Amable, Bruno, 2003, *The Diversity of Modern Capitalism,* Oxford: Oxford University Press.

Bakken, Paul Geoffrey, 2008, "Social Protection Systems in Central and Eastern Europe: A New 'World of Welfare'?", master's thesis, Madison, WI: University of Wisconsin-Madison.

Bates, Robert H., Rui J.P. de Figueredo and Barry R. Weingast, 1998, "The Politics of Interpretation: Rationality, Culture, and Transition, *Politics and Society* 26(4), pp. 603-638.

Bohle, Dorothee and Béla Greskovits, 2007, "Neoliberalism, Embedded Neoliberalism, and Neocorporatism: Paths Towards Transnational Capitalism in Central-Eastern Europe", *West European Politics,* 30(3), pp. 443-466.

Brinton, Mary and Victor Nee, eds., 1998, *The New Institutionalism in Sociology*, New York, NY: Russel Sage Foundation.

Bunce, Valerie, Michael McFaul and Kathryn Stoner-Weiss, eds., 2009, *Democracy and Authoritarianism in the Post-Communist World,* Cambridge: Cambridge University Press.

Burawoy, Michael, 2001, "Neoclassical Sociology: From the End of Communism to the End of Class", *American Journal of Sociology,* 106(4), pp. 1099-1120.

Cerami, Alfio, 2006, *Social Policy in Central and Eastern Europe: The Emergence of a New European Welfare Regime,* Berlin: LIT Verlag.

Cerami, Alfio, 2008, "New Social Risks in Central and Eastern Europe: The Need for a New Empowering Politics of the Welfare State", *Czech Sociological Review,* 44(6), pp. 1089-1110.

Cerami, Alfio, 2009, "Welfare State Developments in the Russian Federation: Oil-Led Social Policy and the 'Russian Miracle", *Social Policy & Administration,* 43(2), pp. 105-120.

Cerami, Alfio and Pieter Vanhuysse, eds., 2009, *Post-Communist Welfare Pathways: Theorizing Social Policy Transformations in Central and Eastern Europe,* Basingstoke: Palgrave Macmillan.

Charman, Ken, 2007, "Kazakhstan: A State Led Liberalized Market Economy?" in David Lane and Martin Myant, eds., *Varieties of Capitalism in Post-Communist Countries,* pp. 165-182, Basingstoke: Palgrave Macmillan.

Collinson, Sarah, 2003, "Introduction" in Sarah Collinson, ed., *Power, Livelihoods and Conflict: case studies in political economy analysis for humanitarian action*, *HPG Report 13*, pp. 7-20, London: Overseas Development Institute, http://www.odi.org.uk/resources/download/241.pdf (accessed June 1, 2011).

Cook, Linda J., 2007, *Post-Communist Welfare States: Reform Politics in Russia and Eastern Europe,* Ithaca and London: Cornell University Press.

Cook, Linda J., 2010a, "Emerging Welfare States: Eastern Europe and Russia" in Herbert Obinger, Christopher Pierson, Francis G. Castles, Stephan Liebfried and Jane Lewis, eds., *Oxford Handbook of Comparative Welfare States,* pp. 671-688, Oxford: Oxford University Press.

Cook, Linda J., 2010b, "Political Clientelism and Social Policy: the Postcommunist Experience", paper presented at the NDRI Conference "Political Clientelism, Social Policy and the Quality of Democracy", Quito, November 5-6.

de Crombrugghe, Denis, Kristine Farla, Nicolas Meisel, Chris de Neubourg, Jacques Ould Aoudia and Adam Szirmai, 2009, *Institutional Profiles Database III,* Paris: CEPII, http://www.cepii.fr/ProfilsInstitutionnelsDatabase.htm (accessed June 8, 2010).

Deacon, Bob, 1992, *The New Eastern Europe: Social Policy, Past, Present and Future,* London: SAGE.

Deacon, Bob, Noémi Lendvai and Paul Stubbs, 2007, "Conclusions" in Bob Deacon and Paul Stubbs, eds., *Social Policy and International Interventions in South East Europe,* pp. 221-242, Cheltenham: Edward Elgar.

Deacon, Bob and Paul Stubbs, eds., 2007, *Social Policy and International Interventions in South East Europe,* Cheltenham: Edward Elgar.

DiMaggio, Paul J. and Walter W. Powell, 1991, "Introduction", in Walter W. Powell and Paul J. DiMaggio, eds., *The New Institutionalism in Organizational Analysis*, pp. 1-38, Chicago, IL: University of Chicago Press.

Ebbinghaus, Bernhard and Philip Manow, eds., 2001, *Comparing Welfare Capitalism: Social Policy and Political Economy in Europe, Japan and the USA,* London: Routledge.

EBRD, 2009, *Economic Statistics and Forecasts: Macroeconomic Performance and Forecast Tables, Country Assessments and Transition Indicators,* Frankfurt: EBRD, http://www.ebrd.com/country/sector/econo/stats/index.htm (accessed June 8, 2010).

Energy Information Administration (EIA), 2009, "Europe Brent Spot Price FOB", Washington, DC: EIA,
http://tonto.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=rbrte&f=a
(accessed June 8, 2010).

Esping-Andersen, Gøsta, 1990, *The Three Worlds of Welfare Capitalism,* Cambridge: Polity Press.

Estevez-Abe, Margarita, Torben Iversen and David Soskice, 2001, "Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State" in Peter A. Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage,* pp. 145-183, New York, NY: Oxford University Press.

Fenger, Menno H.J., 2007, "Welfare regimes in Central and Eastern Europe: Incorporating Post-Communist Countries in a Welfare Regime Typology", *Contemporary Issues and Ideas in Social Sciences,* 3(2), pp. 1-30.

Ferge, Zsuzsa, 2001, "European Integration and the Reform of Social Security in the Accession Countries", *Journal of European Social Quality*, 3(1-2), pp. 9-25.

Ferrera, Maurizio, 2000, "Reconstructing the Welfare State in Southern Europe", in Stein Kuhnle, ed., *The Survival of the European Welfare State*, pp. 166-182, London: Routledge.

Fiorina, Morris P., 1995, "Rational Choice and the New(?)Institutionalism", *Polity* 28(1), pp. 107-115.

Frye, Timothy, 2010, *Building States and Markets after Communism: The Perils of Polarized Democracy,* New York, NY: Cambridge University Press.

Fuchs, Susanne and Claus Offe, 2009, "Welfare State Formation in the Enlarged European Union: Patterns of Reform in the Post-Communist New Member States" in Chris Rumford, ed., *The SAGE Handbook of European Studies,* pp. 420-441, London: Sage.

Gans-Morse, Jordan and Mitchell A. Orenstein, 2006, "Postcommunist Welfare States: The Emergence of a Continental-Liberal World", paper presented at the "38th National Convention of the American Association for the Advancement of Slavic Studies", Washington, DC, November 16-19.

Golinowska, Stanisława, Peter Hengstenberg and Maciej Żukowski, eds., 2009, *Diversity and Commonality in European Social Policies: The Forging of a European Social Model,* Warsaw: Friedrich-Ebert-Stiftung and Wydawnictwo Naukowe Scholar.

Haber, Stephen and Victor Menaldo, 2011, "Do Natural Resources Fuel Authoritarianism? A Reappraisal of the Resource Curse", *American Political Science Review,* 105(1), pp. 1-26.

Hacker, Björn, 2009, "Hybridization instead of Clustering: Transformation Processes of Welfare Policies in Central and Eastern Europe", *Social Policy & Administration,* 43(2), pp. 152-169.

Haggard, Stephan and Robert R. Kaufman, 2008, *Development, Democracy, and Welfare States,* Princeton, NJ: Princeton University Press.

Hall, Peter A., 1986, *Governing the Economy*, New York, NY: Oxford University Press.

Hall, Peter A. and David Soskice, eds., 2001, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage,* Oxford: Oxford University Press.

Hall, Peter A. and Rosemary C.R. Taylor, 1996, "Political Science and the Three New Institutionalisms", *Political Studies*, 44(5), pp. 936-957.

Hancké, Bob, Martin Rhodes and Mark Thatcher, eds., 2007, *Beyond Varieties of Capitalism: Conflict, Contradictions, and Complementarities in the European Economy,* Oxford: Oxford University Press.

Hanson, Philip and Elisabeth Teague, 2007, "Russian Political Capitalism and its Environment" in David Lane and Martin Myant, eds., *Varieties of Capitalism in Post-Communist Countries,* pp. 149-164, Basingstoke: Palgrave Macmillan.

Häusermann, Silja, 2010, *The Politics of Welfare State Reform in Continental Europe: Modernization in Hard Times,* Cambridge: Cambridge University Press.

Hemerijck, Anton C., 2010, *In Search of a New Welfare State,* Oxford: Oxford University Press.

Horowitz, Shale A., 2006, "Experimenting with Neoliberal Mental Models in Eastern Europe", paper presented at the "Annual meeting of the International Studies Association", San Diego, CA, March 22.

Inglot, Tomasz, 2008, *Welfare States in East Central Europe, 1919-2004,* Cambridge: Cambridge University Press.

International Trade Centre (ITC), 2009, *Market Analysis Tools*, http://www.intracen.org/marketanalysis/Default.aspx (accessed February 2, 2010).

Iversen, Torben and David Soskice, 2006, “Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More Than Others”, *American Political Science Review,* 100(2), pp. 165-181.

Iversen, Torben and John D. Stephens, 2008, “Partisan Politics, the Welfare State, and Three Worlds of Human Capital Formation”, *Comparative Political Studies,* 41(4-5), pp. 600-637.

King, Lawrence Peter, 2007, “Central European Capitalism in Comparative Perspective” in Bob Hancké, Martin Rhodes and Mark Thatcher, eds., *Beyond Varieties of Capitalism: Conflict, Contradictions, and Complementarities in the European Economy*, pp. 307-327, Oxford: Oxford University Press.

King, Lawrence Peter and Ivan Szelényi, 2004, *Theories of the New Class: Intellectuals and Power*, Minneapolis and London: University of Minnesota Press.

Kornai, János, 1980, *Economics of Shortage,* Amsterdam: North-Holland Publishing Company.

Lane, David, 2007, “The Social Bases of Reform and Anti-Reform in Russia and Ukraine” in David Lane, ed., *The Transformation of State Socialism: System Change, Capitalism or Something Else?*, pp. 57-76, Basingstoke: Palgrave Macmillan.

Lane, David, 2008, “From Chaotic to State-Led Capitalism”, *New Political Economy,* 13(2), pp. 177-184.

Lane, David and Martin Myant, eds., 2007, *Varieties of Capitalism in Post-Communist Countries,* Basingstoke: Palgrave Macmillan.

Lendvai, Noemi, 2009, “Variety of Post-Communist Welfare: Europeanisation and Emerging Welfare Regimes in the New EU Member States”, paper presented at the “Annual Meeting of the Research Committee 19 of the International Sociological Association”, Montreal, August 20-22.

Mahoney, James and Kathleen Thelen, eds., 2009, *Explaining Institutional Change: Ambiguity, Agency, and Power,* Cambridge: Cambridge University Press.

Manning, Nick P. and Nataliya E. Tikhonova, eds., 2004, *Poverty and Social Exclusion in the New Russia,* Aldershot: Ashgate.

Manow, Philip, 2009, "Electoral Rules, Class Coalitions and Welfare State Regimes, or How to Explain Esping-Andersen with Stein Rokkan", *Socio-Economic Review,* 7(1), pp. 101-121.

March, James G. and Johan P. Olsen, 1989, *Rediscovering Institutions: The Organizational Basis of Politics*, New York, NY: Free Press.

Myant, Martin and Jan Drahokoupil, eds., 2010, *Economics of Transition: Russia, Eastern Europe, and Central Asia,* Hoboken, NJ: Wiley-Blackwell.

Mykhnenko, Vlad, 2007, "Strengths and Weaknesses of 'Weak' Coordination: Economic Institutions, Revealed Comparative Advantages, and Socio-Economic Performance of Mixed Market Economies in Poland and Ukraine" in Bob Hancké, Martin Rhodes and Mark Thatcher, eds., *Beyond Varieties of Capitalism: Conflict, Contradictions, and Complementarities in the European Economy,* pp. 351-378, Oxford: Oxford University Press.

Nölke, Andreas and Arjan Vliegenthart, 2009, "Enlarging the Varieties of Capitalism: The Emergence of Dependent Market Economies in East Central Europe", *World Politics,* 61(4), pp. 670-702.

North, Douglass Cecil, 1990, *Institutions, Institutional Change, and Economic Performance,* Cambridge: Cambridge University Press.

Orenstein, Mitchell A., 2008, *Privatizing Pensions: The Transnational Campaign for Social Security Reforms,* Princeton and Oxford: Princeton University Press.

Orenstein, Mitchell A., Stephen Bloom and Nicole Lindstrom, eds., 2008, *Transnational Actors in Central and Eastern European Transitions,* Pittsburgh, PA: University of Pittsburgh Press.

Ost, David, 2005, *The Defeat of Solidarity: Anger and Politics in Postcommunist Europe,* Ithaca, NY: Cornell University Press.

Pierson, Paul, 1998, "Irresistible Forces, Immovable Objects: Post-industrial Welfare States Confront Permanent Austerity", *Journal of European Public Policy,* 5(4), pp. 539-560.

Pierson, Paul, 2000, "Increasing Returns, Path Dependence, and the Study of Politics", *American Political Science Review*, 94(2) pp. 251-268.

Ross, Michael L., 2001, "Does Oil Hinder Democracy?", *World Politics,* 53(3), pp. 325-361.

Scharpf, Fritz W., 1997, *Games Real Actors Play: Actor-Centered Institutionalism in Policy Research*, Boulder, CO: Westview Press.

Scharpf, Fritz W. and Vivien A. Schmidt, eds., 2000, *Welfare and Work in the Open Economy, Volume I: From Vulnerability to Competitiveness,* Oxford: Oxford University Press.

Schludi, Martin, 2005, *The Reform of Bismarckian Pension Systems: A Comparison of Pension Politics in Austria, France, Germany, Italy and Sweden*, Amsterdam: Amsterdam University Press.

Schmidt, Vivien Ann, 2006, *Democracy in Europe: The EU and National Polities*, Oxford: Oxford University Press.

Schmidt, Vivien Ann, 2008, "Discursive Institutionalism: The Explanatory Power of Ideas and Discourse", *Annual Review of Political Science,* 11(1), pp. 303-326.

Schmidt, Vivien Ann, 2009, "Putting the Political Back into Political Economy by Bringing the State Back in Yet Again", *World Politics,* 61(3), pp. 516-546.

Schmidt, Vivien Ann, 2010, "Analyzing Ideas and Tracing Discursive Interactions in Institutional Change: From Historical Institutionalism to Discursive Institutionalism", paper presented at the panel "Ideas, Power and Public Policy" at the Annual Meeting of the American Political Science Association, Washington DC, September 2-5.

Selezneva, Ekaterina, 2011, "Surveying Transitional Experience and Subjective Well-being: Income, Work, Family", *Economic Systems,* 35(2), pp. 139-157.

Sharafutdinova, Gulnaz, 2011, *Political Consequences of Crony Capitalism inside Russia,* Notre Dame, IN: University of Notre Dame Press.

Shepsle, Kenneth A., 1986, "Institutional Equilibrium and Equilibrium Institutions" in Herbert F. Weisberg, ed., *Political Science: The Science of Politics*, pp. 51-81, New York, NY: Agathon.

Shkaratan, Ovsey, 2007, "The Russian Transformation: A New Form of Etacratism?" in David Lane, ed., *The Transformation of State Socialism: System Change, Capitalism or Something Else?*, pp. 143-158, Basingstoke: Palgrave Macmillan.

Sirovátka, Tomáš and Steven Saxonberg, 2008, "Neo-liberalism by Decay? The Evolution of the Czech Welfare State", paper presented at the Annual ESPAnet Conference, Helsinki, September 18-20.

Skocpol, Theda, 1995, "Why I am an Historical-Institutionalist", *Polity* 28(1), pp. 103-106.

Socio-Economic Review, 2009, "Changing Institutions in Developed Democracies: economics, politics and welfare", Special Issue, *Socio-Economic Review* 7(1), pp. 1-177.

Spoor, Max, 2010, "From Economic Exclusion towards Inclusive Growth?", draft chapter for Regional Human Development Report on Social Inclusion for Europe and the CIS, Bratislava: RBEC.

Stambolieva, Marija and Stefan Dehnert, eds., 2011, *Welfare States in Transition: 20 Years after the Yugoslav Welfare Model,* Sofia: Friedrich Ebert Foundation - Office Bulgaria.

Steinmo, Sven, 2010, *The Evolution of Modern States: Sweden, Japan, and the United States,* Cambridge: Cambridge University Press.

Steinmo, Sven, Kathleen Thelen and Frank Longstreth, eds., 1992, *Structuring Politics: Historical Institutionalism in Comparative Analysis*, Cambridge: Cambridge University Press.

Streeck, Wolfgang, 2009, *Re-Forming Capitalism: Institutional Change in the German Political Economy*, Oxford and New York: Oxford University Press.

Streeck, Wolfgang and Kathleen Thelen, eds., 2005, *Beyond Continuity: Institutional Change in Advanced Political Economies,* Oxford: Oxford University Press.

Stubbs, Paul, 2009, *Social Protection and Social Inclusion in the Western Balkans: A Synthesis Report,* Brussels: Directorate-General for Employment, Social Affairs and Equal Opportunities.

Stubbs, Paul, Mihail Arandarenko, Elira Jorgoni and Mimoza Agolli, 2009, *The Social Impacts of the Global Economic Crisis in the Western Balkans: A White Paper for UNDP,* Bratislava: UNDP.

Stubbs, Paul and Siniša Zrinščak, 2009, "Re-Scaling Emergent Social Policies in South Eastern Europe" in Kirstein Rummery, Ian Greener and Chris Holden, eds., *Social Policy Review 21: Analysis and Debate in Social Policy,* pp. 285-306, Bristol: Policy Press.

Szalai, Julia, 2005, "Poverty and the Traps of Post-communist Welfare Reforms in Hungary: A Fourth World of Welfare Capitalism on the Rise", paper presented at the Annual Conference of RC19, ISA on "Retheorizing Welfare States: Restructuring States, Restructuring Analysis", Northwestern University, Chicago, September 8-10.

Szikra, Dorottya, 2004, "The Thorny Path to Implementation: Bismarckian Social Insurance in Hungary in the Late 19th Century", *European Journal of Social Security,* 6(3), pp. 255-272.

Thelen, Kathleen, 1999, "Historical Institutionalism in Comparative Politics", *Annual Review of Political Science* 2(1) pp. 369-404.

Thelen, Kathleen, 2004, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan*, Cambridge: Cambridge University Press.

Tilly, Charles and Sidney Tarrow, 2007, *Contentious Politics*, Boulder, CO: Paradigm Publishers.

Tomka, Béla, 2004, *Welfare in East and West: Hungarian Social Security in an International Comparison 1918-1990*, Berlin: Akademie Verlag.

UNDP, 2011, *Beyond Transition: Towards Inclusive Societies*, Bratislava: UNDP Regional Bureau for Europe and CIS.

Vaughan-Whitehead, Daniel, 2003, *EU Enlargement Versus Social Europe? The Uncertain Future of the European Social Model*, Cheltenham: Edward Elgar.

Weingast, Barry R., 1998, "Political Institutions: Rational Choice Perspectives" in Robert E. Goodin and Hans-Dieter Klingemann, eds., *A New Handbook of Political Science*, pp. 167-190, Oxford: Oxford University Press.

World Bank, 2009a, *Turmoil at Twenty: Recession, Recovery, and Reform in Central and Eastern Europe and the Former Soviet Union*, Washington, DC: World Bank.

World Bank, 2009b, *Remittances Data,* Washington, DC: World Bank, http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:22759429~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html#Remittances (accessed December 26, 2011).

World Bank, 2009c, *World Development Indicators Datasets,* Washington, DC: World Bank, http://go.worldbank.org/B53SONGPA0 (accessed March 15, 2010).

Żukowski, Maciej, 2009, "Social Policy Regimes in the European Countries", in Stanisława Golinowska, Peter Hengstenberg and Maciej Żukowski, eds., *Diversity and Commonality in European Social Policies: The Forging of a European Social Model,* pp. 23-32, Warsaw: Friedrich-Ebert-Stiftung and Wydawnictwo Naukowe Scholar.

Popis objavljenih Radnih materijala EIZ-a / Previous issues in this series

2011

EIZ-WP-1102 Marina Tkalec: *The Dynamics of Deposit Euroization in European Post-transition Countries: Evidence from Threshold VAR*

EIZ-WP-1101 Jelena Budak, Ivan-Damir Anić and Edo Rajh: *Public Attitudes Towards Surveillance and Privacy in Croatia*

2010

EIZ-WP-1003 Marin Božić: *Pricing Options on Commodity Futures: The Role of Weather and Storage*

EIZ-WP-1002 Dubravka Jurlina Alibegović and Sunčana Slijepčević: *Performance Measurement at the Sub-national Government Level in Croatia*

EIZ-WP-1001 Petra Posedel and Maruška Vizek: *The Nonlinear House Price Adjustment Process in Developed and Transition Countries*

2009

EIZ-WP-0902 Marin Božić and Brian W. Gould: *Has Price Responsiveness of U.S. Milk Supply Decreased?*

EIZ-WP-0901 Sandra Švaljek, Maruška Vizek i Andrea Mervar: *Ciklički prilagođeni proračunski saldo: primjer Hrvatske*

2008

EIZ-WP-0802 Janez Prašnikar, Tanja Rajkovič and Maja Vehovec: *Competencies Driving Innovative Performance of Slovenian and Croatian Manufacturing Firms*

EIZ-WP-0801 Tanja Broz: *The Introduction of the Euro in Central and Eastern European Countries – Is It Economically Justifiable?*

2007

EIZ-WP-0705 Arjan Lejour, Andrea Mervar and Gerard Verweij: *The Economic Effects of Croatia's Accession to the EU*

EIZ-WP-0704 Danijel Nestić: *Differing Characteristics or Differing Rewards: What is Behind the Gender Wage Gap in Croatia?*

EIZ-WP-0703 Maruška Vizek and Tanja Broz: *Modelling Inflation in Croatia*

EIZ-WP-0702 Sonja Radas and Mario Teisl: *An Open Mind Wants More: Opinion Strength and the Desire for Genetically Modified Food Labeling Policy*

EIZ-WP-0701 Andrea Mervar and James E. Payne: *An Analysis of Foreign Tourism Demand for Croatian Destinations: Long-Run Elasticity Estimates*

ISSN 1846-4238
9 771846 423001