

The Emergence of the Post-Socialist Welfare State

The Case of the Baltic States: Estonia, Latvia and Lithuania

Jolanta Aidukaite

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To my mother and in memory of my father

The welfare state is in the process of humanizing industrial society. Overall a century it has meant great gains in economic and psychological security for the least privileged; in the short run of each generation it produces some income redistribution. It is a prime source of consensus and social order in modern society, pluralist or totalitarian.

Harold L. Wilensky, 1975

Summary

This volume takes a step towards providing a better understanding of post-socialist welfare state development from a theoretical as well as an empirical perspective. The overall analytical goal of the four studies included in this work has been to critically assess the development of social policies in Estonia, Latvia and Lithuania using them as illustrative examples of post-socialist welfare state development in the light of the theories, approaches and typologies that have been developed to study affluent capitalist democracies. The four studies aspire to a common aim in a number of specific ways.

The first study tries to place the ideal-typical welfare state models of the Baltic States within the well-known welfare state typologies. At the same time, it provides a rich overview of the main social security institutions in the three countries by comparing them with each other and with the previous structures of the Soviet period. It examines the social insurance institutions of the Baltic States (old-age pensions, unemployment insurance, short-term benefits, sickness, maternity and parental insurance and family benefits) with respect to conditions of eligibility, replacement rates, financing and contributions. The findings of this study indicate that the Latvian social security system can generally be labelled as a mix of the basic security and corporatist models. The Estonian social security system can generally also be characterised as a mix of the basic security and corporatist models, even if there are some weak elements of the targeted model in it. It appears that the institutional changes developing in the social security system of Lithuania have led to a combination of the basic security and targeted models of the welfare state. Nevertheless, as the example of the three Baltic States shows, there is diversity in how these countries solve problems within the field of social policy. In studying the social security schemes in detail, some common features were found that could be attributed to all three countries. Therefore, the critical analysis of the main social security institutions of the Baltic States in this study gave strong supporting evidence in favour of identifying the post-socialist regime type that is already gaining acceptance within comparative welfare state research.

Study Two compares the system of social maintenance and insurance in the Soviet Union, which was in force in the three Baltic countries before their independence, with the currently existing social security systems. The aim of the essay is to highlight the forces that have influenced the transfor-

mation of the social policy from its former highly universal, albeit authoritarian, form, to the less universal, social insurance-based systems of present-day Estonia, Latvia and Lithuania. This study demonstrates that the welfare–economy nexus is not the only important factor in the development of social programs. The results of this analysis revealed that people's attitudes towards distributive justice and the developmental level of civil society also play an important part in shaping social policies. The shift to individualism in people's mentality and the decline of the labour movement, or, to be more precise, the decline in trade union membership and influence, does nothing to promote the development of social rights in the Baltic countries and hinders the expansion of social policies. The legacy of the past has been another important factor in shaping social programs. It can be concluded that social policy should be studied as if embedded not only in the welfare-economy nexus, but also in the societal, historical and cultural nexus of a given society.

Study Three discusses the views of the state elites on family policy within a wider theoretical setting covering family policy and social policy in a broader sense and attempts to expand this analytical framework to include other post-socialist countries. The aim of this essay is to explore the various views of the state elites in the Baltics concerning family policy and, in particular, family benefits as one of the possible explanations for the observed policy differences. The qualitative analyses indicate that the Baltic States differ significantly with regard to the motives behind their family policies. Lithuanian decision-makers seek to reduce poverty among families with children and enhance the parents' responsibility for bringing up their children. Latvian policy-makers act so as to increase the birth rate and create equal opportunities for children from all families. Estonian policy-makers seek to create equal opportunities for all children and the desire to enhance gender equality is more visible in the case of Estonia in comparison with the other two countries. It is strongly arguable that there is a link between the underlying motives and the kinds of family benefits in a given country. This study, thus, indicates how intimately the attitudes of the state bureaucrats, policy-makers, political elite and researchers shape social policy. It confirms that family policy is a product of the prevailing ideology within a country, while the potential influence of globalisation and Europeanisation is detectable too.

The final essay takes into account the opinions of welfare users and examines the performances of the institutionalised family benefits by relying on the recipients' opinions regarding these benefits. The opinions of the populations as a whole regarding government efforts to help families are compared with those of the welfare users. Various family benefits are evaluated according to the recipients' satisfaction with those benefits as well as the contemporaneous levels of subjective satisfaction with the welfare programs related to the absolute level of expenditure on each program. The findings of

this paper indicate that, in Latvia, people experience a lower level of success regarding state-run family insurance institutions, as compared to those in Lithuania and Estonia. This is deemed to be because the cash benefits for families and children in Latvia are, on average, seen as marginally influencing the overall financial situation of the families concerned. In Lithuania and Estonia, the overwhelming majority think that the family benefit systems improve the financial situation of families. It appears that recipients evaluated universal family benefits as less positive than targeted benefits. Some universal benefits negatively influenced the level of general satisfaction with the family benefits system provided in the countries being researched. This study puts forward a discussion about whether universalism is always more legitimate than targeting. In transitional economies, in which resources are highly constrained, some forms of universal benefits could turn out to be very expensive in relative terms, without being seen as useful or legitimate forms of help to families.

In sum, by closely examining the different aspects of social policy, this book goes beyond the over-generalisation of Eastern European welfare state development and, instead, takes a more detailed look at what is really going on in these countries through the examples of Lithuania, Latvia and Estonia. In addition, another important contribution made by this study is that it revives 'western' theoretical knowledge through 'eastern' empirical evidence and provides the opportunity to expand the theoretical framework for post-socialist societies.

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Jolanta Aidukaite

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An Introduction to Four Essays on Social Policy and Family Policy

Jolanta Aidukaite

Baltic and East European Graduate School (BEEGS)
Södertörn University College

&

Department of Sociology
Stockholm University

Where does social policy begin, and where does it end? How is it possible to describe its scope, meaning, content, formation, execution, principles and theory? At best it is clear that the study of social policy cannot be isolated from the study of society as a whole in all its varied social, economic and political aspects.

Richard M. Titmuss, 1974

Background

The aim of explaining welfare state development in affluent capitalist democracies has spawned a plethora of welfare state theories, approaches and typologies. However, many of them excluded from their analysis former socialist countries, which had a rather different historical and economic development as compared to the capitalist democracies. Nevertheless, the former socialist countries had extensive social policies, which, in some cases, were just as developed as those in the West. The collapse of Communism in the Soviet Union and other Eastern bloc countries added even more to the puzzlement surrounding the debate as to whether the old welfare state theories still maintained their explanatory power and also whether new ones were needed to encompass the sea-changes in Europe.

This dissertation takes a step towards a better understanding of the post-socialist welfare state development from a theoretical as well as an empirical point of view. The overall analytical goal of the four studies included in this thesis has been to critically assess the development of social policies in Lithuania, Latvia and Estonia, using them as illustrative examples of post-socialist welfare state development in the light of the theories, approaches and typologies that had been developed to study affluent capitalist democracies. The following criteria has been chosen to assess social policy development in the Baltic States: the characteristics of social security institutions, the affordability of the welfare state, the impact of historical legacy, the role of civil society in shaping social policy provisions, policy-makers' attitudes and understandings of social policy reform, assumptions of policy concerning family policy and subjective evaluations by welfare users.¹

A central argument to this study is that social policy is shaped by the diversity of forces, in particular, in such countries as the transitional ones. Consequently, it should be studied as if embedded in various aspects of a given society. As Titmuss (1974: 16) emphasised in his famous book *Social Policy: An Introduction* 'social policy cannot be discussed or even conceptualised in a social vacuum - unlike the Robinson Crusoe idea of Economic Man'.

The studies included in this dissertation aspire to a common aim in a number of specific ways. The first study (Study One) tries to place the ideal-typical welfare state models of the Baltic States within the well-known welfare state typologies. At the same time, it provides a rich overview of the main social security institutions in the three countries by comparing them with each other and with the previous structures of the Soviet period. Study

¹ The author has chosen the set of criteria used to evaluate social policy development in the Baltic States mainly relying on Deacon (1992a), although the choice was also influenced by the other theoretical and empirical literature, such as Miller (1999), Korpi and Palme (1998), Kohl and Wendt (2003), Pierson (1994) and Skocpol (1992, 1985). They will be briefly discussed in this introductory chapter.

Two explains how historical legacy, the background to societal participation and people's attitudes towards distributive justice form a causal complexity, which has influenced the transformation of social policy from a highly universal, but authoritarian, form to a less universal system based on social insurance. Study Three discusses the views of elites on the family policy and family benefits in particular within a wider theoretical setting covering family policy and social policy in a broader sense, and attempts to expand this analytical framework to include other post-socialist countries. The final essay (Study Four) takes into account the opinions of welfare recipients and examines the performance of the institutionalised family benefits based on the recipients' opinions on those benefits.

By closely examining the different aspects of social policy, this dissertation goes beyond the over-generalisation of the development of the Eastern European welfare state and takes a closer look at what is really going on in these countries through the examples of Estonia, Latvia and Lithuania. In addition, another important contribution made by this study is that it revives 'Western' theoretical knowledge through 'Eastern' empirical evidence and gives the opportunity to expand the theoretical framework for post-socialist societies.

Estonia, Latvia and Lithuania had been part of the so-called Eastern European² bloc, which due to delays in industrialisation and modernisation had shown relatively lower economic development compared to Western European countries. Having spent fifty years under Soviet rule, the Baltic States (former USSR republics) regained their independence in 1990-1991 and immediately set about introducing the market economy and Western democracy. Despite distinct cultural, religious and historical traditions, the three countries comprise a rather homogenous group which makes them comparable.³ At the same time, because of their experience of Communist authoritarian rule and later on a rapid economic and social transformation after the collapse of socialism, the Baltic countries exhibit a number of commonalities with other East-Central European countries (the term refers to the group of countries that have joined the European Union). All went through massive privatisation during the first years of independence, all suffered from high inflation and growing unemployment, and consequently people felt there had been a decrease in their material well-being (see European Bank 1999). Although the scope and depth of the problems in each country were indeed different, all of them had managed to stabilise their economies, and are currently experiencing a fast growth of GDP (see Commission for European Communities 2002). The Baltic economies have the fastest growing GDPs in Europe, among them Lithuania is currently the

² Eastern European refers to the geographical term and includes all post-socialist European countries.

³ For more details on language, religion and history, see Tiirinen (2000).

leader (Embassy of the Republic of Lithuania...2003). The success of their transition made it possible for the Baltic countries to join the European Union and Nato in 2004. Nevertheless, according to many social indicators, the Baltic and other Eastern European societies have, to various degrees, been lagging behind the developed democracies (see, for instance UNDP, 2003 for the human development indicators). Social matters (poverty, income inequality, unemployment and mortality) are still urgent issues.

The Human Development Index for 2003 put Estonia, Latvia and Lithuania into the group of so-called highly developed countries, where they sit at the very bottom of the league, occupying 41st, 50th and 45th place respectively (see UNDP 2003: 237). The relatively higher poverty levels and lower wages as compared to the old EU states show that the three countries still have a long way to go before catching up with the other developed European welfare states.

The success of this transition very much depends on how much ordinary people will benefit from the ongoing economic and political reforms. For instance, as Orenstein (1998) has pointed out, the European Union's Eurobarometer survey found a strong correlation between economic assessment at the level of the individual and support for transition as a whole. In all eighteen post-Communist countries, where the poll was taken, the assessments of the transition by the respondents correlated strongly with trends in their own household income. In many cases, only 10-20 per cent of the population reported an improvement in living standard between 1989 and 1995 (Orenstein 1998: 483). It is evident that the transition has not brought any prompt improvements to the well-being of the populations of these countries, and it can be observed today that the distribution of transitional benefits seems to be quite narrow.

The survey carried out by the author of this dissertation in 2002 revealed that in Lithuania, Latvia and Estonia sizeable majorities have not experienced any improvement in their well-being over a period of more than ten years (see Figure 1). This also explains why social divisions are pronounced, particularly in Lithuania and Latvia. Estonia shows a somewhat more successful passage in this respect, since transitional goods seem to be more equally divided when compared to Lithuania or Latvia. However, in all three countries, majorities (67-49 %) still did not support the statement 'My or my family's financial situation has improved as compared to the financial situation in 1989'. This is despite the fact that, as noted, the situation in Estonia is better compared to other two Baltic States.

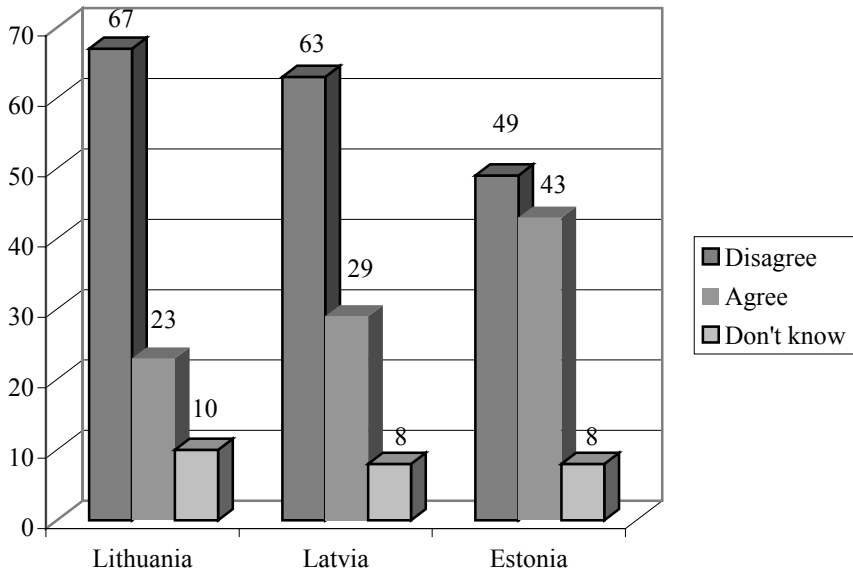


Figure 1. Percentage of population that agreed or disagreed with the statement ‘My or my family’s financial situation has improved as compared to the financial situation in 1989’, (Questionnaire 2002)

Hence, the study of social policy development as one of the instruments set up to reduce the social divisions has become of vital importance. It should also be taken into account that the Baltic countries experienced essential changes in their social security systems during a period of more than ten years. This makes it even more important to examine critically the social policy development in these societies.

This dissertation considers changes in the Baltic States over a period of transformation from 1990 up to the present. However, the previous socialist experience is also taken into account and briefly analysed from the historical perspective.

This introductory chapter aims to give an overview of the theoretical and empirical background, from which the four studies have emerged, and a summary of the main findings of this dissertation will also be offered. The structure of this introduction is organised as follows. Firstly, the basic definition of the welfare state will be elaborated upon. Secondly, the old welfare state theories and their implications for studying Eastern Europe will be discussed. Thirdly, an overview of the previous comparative studies on post-socialist social policy development will be given. Afterwards, there is a presentation of the data and methods. Then, the principal findings of the four essays included in this dissertation will be summarised. Finally, based on the

principal findings of this dissertation, avenues for further research will be suggested.

What is a welfare state?

In academic literature the post-socialist countries are usually called welfare states (see Deacon 1992a, 2000; Kvapilova 1995; Standing 1996), but the concept of the welfare state has, for a long time, referred mainly to affluent capitalist democracies. Therefore, it may be useful to revise the definition of the welfare state and adjust it to the new and changing conditions. In scholarly literature, the welfare state analysis is closely intertwined with such macro-level variables as the economy and politics. At the same time, however, the welfare state is analysed by taking into account micro-level variables, such as class, gender, and the incomes of the populations or poverty rates. Hence, such a large range of variables, within which the welfare state is being analysed, gives scholars an opportunity for broad interpretations of the welfare state as a notion. In brief, there is no commonly agreed definition of the welfare state. Usually scholars give their own understandings that sometimes supplement other definitions or can even contradict them.

Esping-Andersen (1990), perhaps the most prominent scholar in the field of welfare state research, defines the welfare state as the state's responsibility for securing some basic modicum of welfare for its citizens. Yet, according to him, the welfare state cannot be understood just in terms of the rights it grants. He argues that it should be taken into account how state activities are interlocked with the roles of the state, the market and the family regarding social provisions. The degree of stratification and de-commodification is also important in order to understand the welfare state. Gender scholars (Hobson 1997; Lewis 1993; O'Connor 1996, Orloff 1993, Sainsbury 1994; Sainsbury 1996) argue that the welfare state is not just a set of services, it is also a set of ideas about the roles of society, family and women in it, both as welfare providers and users.

Other scholars stress the importance of institutions in defining the welfare state. Palme (1990) argues the concept of the welfare state should be used heuristically to describe broad categories of institutions reflecting the fact that the state has been given responsibility for guaranteeing its citizens decent living conditions. In a similar mode, Carroll (1999) suggests a definition of the welfare state as a nexus of political institutions, through which cash transfers are made to persons or households in situations of legally acknowledged loss of sources of wage income.

The descriptions above show the state's intervention, involvement and responsibility for its citizens' welfare are central to understanding the notion of the welfare state. As Hort (2004) has pointed out, in his comprehensive historical overview of the modelling and theorising of the welfare state from its

emergence to the current state of the art in comparative welfare state research at the beginning of the new millennium, the welfare state is a paired, or two-sided, concept – welfare and state – but its foundation has always been the state, the nation-state. Yet, he has specified that the content of state welfare has varied considerably over time and space. In the twenty first century, in the areas of globalisation and Europeanisation, the welfare state seems to be slowly crossing national boundaries. Scholars have been trying to speak about a European social policy model or a global social policy and the influence of globalisation on the changes in the national social policy system of a given country.

Other scholars (Berg-Schlosser et al. 1994; Cameron 1984; Hisk et al. 1995; Huber and Stephens 1996a, b; Lehmbruch 1984; Kitschel 1995) have agreed that the welfare state should be understood as the state's involvement in the distribution and redistribution of welfare in a given country, taking, however, democracy and the relatively high standard of living as a basis for the welfare state. In association with the explanation above, Korpi (1983) argues that a major criterion in determining the extent to which a country is a welfare state is the degree of equality-inequality in basic living conditions, which must be taken into account. However, political democracy and a relatively high standard of living are taken as prerequisites.

It should be stressed that all the definitions discussed above were mainly generated to study rich capitalist democracies. At the same time, other countries that do not belong to the group of so-called rich capitalist democracies were termed as countries having some form of social policy. Social policy is thus used as a lower concept; however, quite often it is utilised as a synonym for the welfare state. Skocpol and Amenta (1986) have used the term 'social policies' in the broader sense to mean state activities affecting the social status and the life opportunities for families, individuals or various social groups. If social policy is thus defined as state activities that have redistributive effects upon the population of a given country through regulated mass education, social insurance and pension programs and health care system, then every national state since the early nineteenth century has always had some social policy. However, growing social insurance coverage and, in general, expenditures for social-welfare purposes meant that 'most of the leading industrial-capitalist democracies became self-proclaimed "welfare states"' (Skocpol and Amenta 1986: 132). Hence, according to Esping-Andersen (1994: 713), 'even the poorest Third World nation has some form of social policy, but if by the welfare state we mean citizens' rights across a comprehensive array of human needs, the concept can be hardly stretched beyond the eighteen to twenty rich capitalist countries in the Organization for Economic Cooperation and Development area'. Democracy and a relatively high standard of living became widely accepted ingredients of the welfare state in social policy research. Therefore, it is not surprising that the

concept of the welfare state and research have been focused mainly on rich capitalist democracies.

As Hort (2004) has pointed out, Harold Wilensky's famous book *The Welfare State and Equality* (1975) was the last work, which included not only rich countries, but also Eastern European societies in the theorising about the welfare state. The following research has focused on the social policy development, including the socialist countries, that had been largely abandoned and then only gained in popularity after the collapse of the Soviet regime in 1990. The emergence of new social policies across Eastern Europe has started again to stimulate a theoretical and empirical debate.

Indeed, the classics on the welfare state, such as Richard M. Titmuss and Harold L. Wilensky had not excluded socialist countries from their analysis. Titmuss (1974), for instance, in his well-known typology of social policy, had discussed the Soviet Russian model of social welfare and attributed it to the Industrial Achievement-Performance model of social policy, together with Germany and France. He claimed that Soviet Russia had fashioned a model of social policy that is based on the principles of work-performance and achievement, in which social needs were met on the basis of merit and productivity. At the same time, Wilensky (1975) included into the analysis sixty-four countries and grouped them into four types of political system according to the degree to which the number of citizens participated in decision making and the degree to which the state allows or encourages the voluntary action of numerous autonomous groups. Countries with high mass participation and low coerciveness were labelled as liberal democracies (U.K., Sweden). Countries with high mass participation and high coerciveness were called totalitarian (USSR and East Germany). Countries that had medium to high participation and medium coerciveness were referred to as authoritarian populist (Mexico, Syria) and countries with low participation and medium to high coerciveness were termed authoritarian oligarchic (Spain, Portugal). Wilensky has drawn the conclusion that economic growth and the population size (65 years old +) are the major determinants for social security expansion, as modelled on 22 rich countries, among them the USSR, East Germany and Czechoslovakia. He also found that ideology measured as the ideological position of the ruling parties or dominant coalitions in 22 countries from 1950 to 1965 had no effect on social security initiatives.

The inclusion of the socialist countries (but not only them) into the analysis might have affected how the meaning of the welfare state was perceived. Titmuss (1974: 30) argued:

Again, social policy is seen to be beneficent, redistributive and concerned with economic as well as non-economic objectives. Like many other definitions, social policy (as with economic policy) is all about 'what is and what might be'. It is thus involved in choices in ordering of social change.

Beneficent in Titmuss's sense means that it provides more welfare and more benefits for the poor, the so-called working class, women, the elderly, children and other categories that came under the term 'social poverty'. Redistributive means that social policy can reallocate the ownership of material and non-material resources from the rich to the poor, from working life to old age etc. It must be agreed that Titmuss saw social policy as a substantial intervening variable that was capable of influencing people's choices and their behaviour. Social policy, according to Titmuss, is all about values and choices; it is what constitutes the good society, it is how society should be organised and it is about whether a community is willing to move towards a more equal society or not. It is clear that morality is central to an understanding of the welfare state.

Wilensky, in defining the welfare state, was less concerned about morality. Instead, he concentrated on the material background of the welfare state. The minimum standard of living assured as a social right, but not as charity, is central to comprehending the notion of the welfare state.

The essence of the welfare state is government-protected minimum standards of income, nutrition, health and safety, education, and housing assured to every citizen as a social right, not as charity. The core programs of the welfare state, often subsumed under the general heading of "social security", have taken the form of social insurance against the basic risks of modern life: job injury, sickness, unemployment, disability, old age, and income lost due to illness, shifts in family composition, or other random shocks (war, depression, recessions). Because the welfare state is about shared risks crosscutting generations, localities, classes, ethnic and racial groups, and educational levels, it is a major source of social integration in modern society (Wilensky 2002: 211).

Thus, whilst Titmuss (1974) emphasised the morality and value scale in the opinions held about the means and ends of social policy, Wilensky (1975, 2002), on the other hand, emphasised the material side and was concerned about the minimum protected standard of living being given as social rights. However, both of them in defining the welfare state were very much concerned about its consequences that may influence people's choices according to Titmuss or reflect on the stability of household income, equality and the health of the population according to Wilensky. It does not matter what kind of society it is, whether pluralist or totalitarian, the welfare state is seen as a prime source of consensus in any society.

The welfare state is in the process of humanizing industrial society. Overall a century it has meant great gains in economic and psychological security for the least privileged; in the short run of each generation it produces some income redistribution. It is a prime source of consensus and social order in modern society, pluralist or totalitarian (Wilensky 1975: 119).

In summary, the welfare state is, thus, perceived as a source of well-being, stability, security and solidarity. Neither Titmuss nor Wilensky were so much concerned about the political roots of the welfare state. Moreover, Wilensky (1975) found that political systems (liberal democracy, totalitarian or authoritarian type) contribute only a little or almost nothing to the explanation of social security initiatives.

In the case of the constitution of the USSR, the principles and meaning of welfare were quite close to both Wilensky's and Titmuss's understandings of social policy and its goals. According to the constitution of the Soviet Union (see Zacharov and Piskov 1972: 5-8), social security was granted to each as a social right by the Soviet state. Every citizen of the Soviet Union had a right to work, vacations, and social security in the case of old age, illness and loss of working capacity plus a right to education and health care. The aim and the morality of the Soviet state was to improve the material well-being, health-care and longevity of the population, enhance equality and improve everyday life of families and women and children. However, many of these aims were not fulfilled by the Soviet state, and the socialist system collapsed at the end of twenty century. Wilensky and Titmuss were, for the most part, correct in claiming that these countries were welfare states of some kind and, therefore, their inclusion into the theorising and modelling of the welfare state was not unusual.

Thus, some definitions mentioned in this section are indeed correct. Nevertheless, this research will stick to the interpretation used by these authors, who included the socialist countries in the theorising of the welfare state. In this dissertation, the welfare state is understood as a government obligation to ensure a decent standard of living for its citizens given as a social right through such channels as social security, social services, the labour market and housing policy, education and health care. The aforementioned authors were correct with their notion of the welfare state coexisting with a relatively high standard of living. However, democracy is not always the main prerequisite for the welfare state. For instance, the former Soviet Union can be termed as an authoritarian welfare state, even though there was no democracy in the Soviet Union. Nevertheless, the state was the main provider of the welfare for its citizens. The extensive social policy (full employment, free education and health care) and social security with its huge redistributive mechanism promoted equality within classes and various social groups.⁴

In this dissertation, the attention will be focused on the core part of the welfare state – social security. It occupies a special place within the welfare state as one of the most important instruments to achieve redistributive effects among generations and various social groups and mitigate and pre-

⁴ Some studies, however, indicate (Deacon 1992a; Ferge 1992; Poldma 1999) that there was an upper class, a so-called nomenclature that profited more from the benefits of the authoritarian welfare state than other social groups.

vent poverty and inequalities. According to Bergman (1991: 9), the social security 'refers to the set of policy instruments that is set up to compensate for the financial consequences of a number of social contingencies'. He distinguished two kinds of instruments: replacement income schemes that are set to secure an income in case primary earnings are interrupted as, for example, in the case of retirement, sickness and unemployment; and adjustment income schemes that are anticipated to meet special expenditures such as, for example, those related to children.

Given the basic understanding of the main definitions for the four studies included in this dissertation, the theoretical background, from which these four studies emerged, can now be reviewed.

Old welfare state theories and their implications for studying East-Central Europe and the Baltic States

The welfare state theories can be called middle range theories in sociology. These theories, according to Merton (1968), deal with delimited aspects of social phenomena as is indicated by the title. The so-called middle range theories, which have attempted to account for the rise and variation of such phenomena as the welfare state, started to be developed by the middle of the twentieth century (see Quadagno 1987 for a detailed discussion on the theories of the welfare state). It could be claimed that the most influential theory nowadays that is responsible for most explanations for the variation and rise of the welfare state in developed capitalist democracies is the *power resource approach*. It argues that it is fruitful to view welfare states as outcomes of, and areas for, conflicts between class-related, socio-economic interest groups and that in these distributive conflicts partisan politics is likely to matter (Korpi and Palme 2003: 425). The main argument of the power resource approach is that the impact of the ruling parties is significant regarding social policy development. Countries that have strong left-wing parties (e.g., Socialist, Labour and Social Democratic), powerful labour unions and a significant working-class presence in the decision-making apparatus also have a more highly developed welfare system than those with strong right-wing parties (Esping-Andersen 1990; Hicks et al. 1995; Huber and Stephens 1996b; Quadagno 1987; Korpi 1989; Korpi 1983; Smelser 1994). Numerous studies provide strong evidence that this approach can potentially explain a lot about the variation of the welfare states as well as their development (see Ferrarini 2003; Korpi 2000; Korpi and Palme 2003; Palme 1990). For instance, a recent study by Korpi and Palme (2003) has demonstrated that the power resource perspective still matters, even in the area of retrenchment. They found that the risk of major cuts in unemployment, sickness and work injury insurance in 18 OECD countries during the period be-

tween 1975-95 has been significantly lower with left-wing representation in cabinets, while for confessional and especially secular-centre right governments the opposite holds true. However, these studies were focused only on rich capitalist democracies and ignored other countries that do not belong to this bloc.

Nevertheless, the impact of ruling political parties on social policy reform in East-Central Europe is not so widely researched. On the other hand, there are a few studies that provide evidence that the power resource approach could potentially offer some explanations for social policy development in Eastern Europe. For instance, Lipsmeyer (2000) has examined the right-left ideological 'conflict' and its influence on altering social policies in six East-Central European countries (the Czech Republic, Estonia, Hungary, Poland, Slovakia and Slovenia). This study provided some indication that right-wing or centre parliaments were more likely to implement more drastic measures for reducing replacement rates and duration periods, whilst shifting the cost burden to non-government funding sources in three policies out of four (unemployment benefits, pensions and health benefits) as compared to the left-wing parliaments. In spite of this, this study also provided evidence that the adjustment made to maternity and family benefits lacks an ideological component. This means that other factors may be of great relevance in explaining the changes in social policy in those countries, such as, for instance, global pressures or the affordability of the welfare state, or other demographic factors. It should also be taken into account that political parties in many East-Central European countries are rather fragmented and differences among political parties are not so pronounced as in a well established party system in the West (see Choe 2003b; Ferge 1992).

On the whole, the left wing parties that were associated primarily with the Communist successor parties did not succeed after the collapse of the Socialist regime everywhere in East-Central Europe, despite the resources they inherited from the past and other purported advantages (Orenstein 1998). One reason for this can be the identification of these parties with the past. For instance, Zaslavskaya (1992) claims that the lack of confidence in the Communist Party in the former Soviet Union is associated with the fact that people hold this party responsible for the economic and social crises that the Soviet Union experienced immediately before and after the collapse. Orenstein (1998) proposed a model for understanding the electoral success and failure of Communist successor parties that was developed to fit primarily Visegrad countries (Hungary, Poland, the Czech Republic and Slovakia). In the comparative analysis, Orenstein claims that Communist successor parties in East-Central Europe can only succeed if they try to lose their association with the past regime and form cross-class alliances with pro-reform nomenclature business elites and workers, pensioners and other groups. In the case of the Baltic States, it is evident that only Lithuania, despite having quite weak trade unions, has managed to retain quite strong socialist parties as

compared to the other two countries (see Orenstein 1998: 495). In Latvia and, in particular, in Estonia, the negative attitude towards socialist parties, together with quite weak trade unions, creates a situation, in which it is difficult to see the emergence of a strong socialist party in the near future that could form a majority in the parliament (Paluckiene 2000).

In general, the party system started to develop in the Baltic States, when they first regained their independence. It is difficult to claim that political parties had a clear and firm attitude towards social security. For instance, the comprehensive study done by Guodis et al. (2000) on political parties' attitudes towards social security in Lithuania revealed that most political parties were against the universal (social-democratic) model of social policy and were in favour of a marginal (liberal) model. It is interesting that no left-wing party had come out in favour of the universal model of social policy. It is even more surprising, as Guodis et al. claim, that no party stated their support for the supremacy of the corporatist model based on social insurance, which, according to them, actually currently prevails in the country. This means that political parties do not yet have a clear vision of the social security in their programs. Lazutka and Kostenickien (1995) also acknowledge this situation in their overview of social security development in Lithuania. They briefly pointed out that the standpoint of the main political parties concerning welfare policy was and still is vague and they have not played a significant role in reforming social welfare policy.

The rich overview given by Pettai and Kreuzer (1999) on the development of political parties in the Baltic States since the beginning of their independence reveals that the three countries have followed many of the trends seen in other post-Communist countries in terms of their party fragmentation, electoral volatility and ideological divisions. It is difficult to claim that a settled profile of the political parties has emerged in the Baltics. For instance, Pettai and Kreuzer predict that in the future in Latvia and Estonia ethnic divisions would manifest themselves in the emerging party systems.

It can be noted that there are around 20 % 'non-citizens' in Latvia and Estonia. In the case of Latvia, non-citizens do not enjoy eligibility and voting rights in neither national nor local elections. In Estonia, non-citizens do not enjoy voting rights in national elections and cannot stand as candidates in local elections or be members of political parties. However, non-citizens legally residing in Estonia have the opportunity to vote in local elections. Nevertheless, non-citizens in both countries are entitled to all social rights: social services, health care, family benefits and housing according to the criterion of residency. Although those who reside in a country illegally (in Estonia around 3 % of the total population) are in a very vulnerable situation as regards their ability to travel outside the country and their access to social and health benefits (Council of Europe 2002a: 9, 2002b: 9).

Hence, while demographically the two countries continued to be multi-ethnic, electorally they are now much more homogeneous because of a quite

large number of non-citizens among the Russian-speaking population. It is expected, according to Pettai and Kreuzer, that the number of non-citizens will continue to decrease due to the process of naturalisation and that might lead to the emergence of new parties representing the interests of the ethnic minorities.

Overall, unlike in the West, the political parties in the Baltic countries do not have long traditions. For instance, the Social Democrats have made a significant impact on social policy development in Sweden, since they have been in power for more than 50 years (for more details see Huber and Stephens 1996a, 1996b; Olsson 1990). Thus, it is rather problematic to claim that one party or another has made a significant impact on social policy development in Lithuania, Latvia or Estonia over the ten-year period.

Another significant approach that has witnessed the twilight of its explanatory power is the account of the *Logic of Industrialism*, which is associated with the name of Wilensky (O'Connor and Prym 1988). In his comparative research that included sixty-four countries he found that the 'economic level is the root cause of welfare state development, but its effects are felt chiefly through the demographic changes of the past century and the momentum of the programs themselves, once established' (1975: 47). In this sense, according to Wilensky, social security growth is accompanied by economic growth and its demographic outcomes that are also hastened by the interplay of the political elite's perceptions, welfare bureaucracies and great pressures. Furthermore, in his recent comparative work, which includes 22 affluent countries, Wilensky (2002) found that economic growth is no longer an independent predictor of welfare efforts. Affluence and an ageing population (65 years old +) account for most of the explanation.

Without doubt, the economy and the welfare state are intertwined. In a study of welfare state-economic relations, Esping-Andersen (1994) comes to the conclusion that the welfare state is not something opposed to or, in some way, related to the economy. Instead, it is an integral element in the organic linkage of production, reproduction, and consumption, none of which can survive without others. Hort and Kuhnle (2000) have demonstrated that, even if the Asian countries (Hong Kong, South Korea, Singapore and Taiwan) generally introduced social security programs at a lower level of 'modernization' than Western European countries, the rapid and strong economic growth between 1985-95, often called the 'economic miracle', has generally been accompanied by welfare expansion, and not by attempts to retrench welfare state programs. Thus, this study based on the example of four Asian countries probably illustrates that welfare state development is possible without a well-established democracy.

It seems that without having anything to distribute or redistribute, i.e., without there being any surplus, the welfare state (a society where the state assures adequate living standards for all its citizens) cannot be created. The decreased economic output in the three Baltic States is undoubtedly a sig-

nificant factor in explaining why these states have trouble ‘catching up’ with the West. The dramatic decline in GDP, the financial crises, high inflation during the first years of independence (see European Bank, 1998) and the rapid GDP growth and stabilisation of financial sectors (see Commission for European Communities 2002) made/makes an impact on the affordability of the welfare states of those countries. However, as regards this, even in developed capitalist countries, successful economic performance cannot fully explain the differences between welfare state regimes.

Hence, Wilensky’s earliest approach attracted a lot of criticism since it cannot fully explain the variation among welfare state provisions in Western democracies. As Carroll (1999) has pointed out the differences in economic growth among Western countries generally do not account so much for the disparities in the generosity of the welfare programs provided. Miller (1999) has expressed similar thoughts. He claims that economic growth does not automatically reduce problems of inequality and poverty. As an example, he has highlighted the fact that economic and employment growth in the United States in the 1990s did not reduced inequality, but, instead, accelerated its growth.

The third approach that offers explanations, however, does not gain so much attention nowadays; namely, the *state centric* approach to studying welfare state development. This approach claims that the state bureaucracy and political elite are central actors in the policy formation process and they make a significant impact on the development and the introduction of welfare programs (Carroll 1999; Palme 1990; Quadagno 1987; Smelser 1994). Indeed, numerous studies have demonstrated the importance of studying state contributions through its bureaucratic and structural apparatus to economic and social transformation. For instance, Skocpol (1992) has demonstrated that the political elite, together with appointed bureaucrats, significantly influenced the development of social provisions for soldiers and mothers in the United States during the period between the 1870s and the 1920s. This study revealed that social policies in the United States (and elsewhere) have not developed simply as consequences of capitalist urbanisation and industrialisation. Yet, social policies have not been direct responses to the emerging demands that the social classes have placed upon governments. Instead, governmental institutions, electoral rules, political parties, and prior public policies - all of these have affected the abilities of politically involved actors to devise and change social policies.

Other studies have also demonstrated it is important to examine the state contributions to economic and social changes. Rueschemeyer and Evans (1985) have argued that the well-developed state bureaucratic apparatus is the precondition for the state’s ability to intervene in economic problems. Using illustrative examples of Third World nation states, they (1985: 51) arrived at the conclusion ‘that even if the state elites make a correct diagnosis of the kind of intervention into economic problem that it is necessary to

take and have the political will and material resources necessary to undertake the action, they may not be able to carry it out, simply because the required bureaucratic machinery cannot be created in time'. They hypothesised that the effective state bureaucracy can explain variations in economic and social achievement among Third World nations. Wier and Skocpol (1995), in their comparative study on the ability of Sweden, Britain and the USA to implement Keynesian macroeconomic strategies in 1932-34, showed that the ability of political parties to accomplish their goals was bound by the prior existing legacies of the social policy and the structures of the state (special organisational structures that are crucial for the state's ability to undertake given tasks, i.e., an effective and centralised bureaucratic apparatus). Simultaneously, those studies also revealed that organised and oriented social sciences have influenced the various eras of the formulation of welfare-state policy and, furthermore, the transmission of knowledge and theories from state to state were important for the policy making process (Skocpol 1985).

The influence of the political elite and bureaucrats on social policy reform and development is rather underresearched in the Baltic States and the same can be true for other post-socialist countries. There are, however, studies (Muller 2001; Rys 2001a) that have briefly pointed out that in some transitional countries (mainly referring to Central European countries) ministries of welfare and finance have been taking full responsibility for pension insurance and social security reform. Other works (Lazutka and Kostelnickien 1995) have partially touched on the point, although not basing their argument on empirical study, that in Lithuania the powerful bureaucracy is an important actor in framing social policy reform.

At the end of the twentieth century, in the field of welfare state crisis and retrenchment, new approaches appeared that stressed the importance of previous policy choices (path-dependency) and the strength of interest groups in the welfare state (see Pierson 1994). The significance of the ability of interest groups to fight for their causes is also stressed by gender scholars (see Lewis 1993; Ostner and Lewis 1994). In this respect, the development of welfare provisions is closely tied to the notion of citizenship and civil society (see Hobson 1997; Miller 1999).

Previous studies on welfare state development in Eastern European countries have indicated that civil society was/is weak in those countries and people had a low level of trust in the main state institutions. For instance, Ferge (2001b) claims that civil society in Eastern Europe is still weak and it will take some time before civil society becomes strong enough to defend social rights. The weak civil society does nothing to promote social rights for the poor and unemployed in Hungary (see Ferge 2001a). A fragile civil society was seen as one among several major reasons for the retrenchment of benefits and services for mothers in the Baltic countries (see Paluckiene 2000). Blom et al. (1996) have also pointed out that civil society in the Baltics during the first years of independence was very fragile and this was ob-

vious from the low membership in various associations and voluntary groups. The civil society might gain strength in the future; nowadays, however, its impact on the expansion of social rights is hardly visible across Eastern European.

At the end of twentieth century, the impact of globalisation on the development of the welfare state has started to gain its explanatory power in particular when Eastern European social policy is being discussed (see Deacon, 1995, 1997, 2000). Moreover, to quote Palier (2003: 148), 'the analyses of the impact of globalisation and European integration vary between those who acknowledge significant impact of these processes on welfare state to those who deny any influence (or even existence) to these economic trends on welfare states'. Carroll in the comprehensive overview of the literature written on globalisation and its impact on social policy since 1995 argues that the interpretations of globalisation require more empiricism than what can currently be obtained from studies of published literature. Even so, Carroll (2003: 207) comes to the conclusion that 'if the debate on globalisation and its welfare impacts is to move forward, both globalisation's opponents and its defenders need to sharpen their standards of proof and to take the potential multiplicity of globalisations impacts seriously'.

On the whole, it could be argued that the influence of globalisation is not so evident when rich capitalist democracies are taken into account. For instance, Hajighasemi (2002), in his comprehensive study of the transformation of the Swedish welfare system as it has developed since the 1990s, found that the Swedish model was not affected greatly by economic globalisation. However, research on East-Central Europe provides strong evidence that because of their economic vulnerability these countries are rather susceptible to the influence of globalisation. For instance, Casey (2004) has argued that Latvia and Estonia and partly Lithuania have implemented the World Bank's so-called 'three pillar' model of privatisation of pension insurance, not least because they were recipients of substantial World Bank loans. The same could be true for Hungary and Poland. Another significant reason why some East-Central European societies are more susceptible to globalisation could be explained by the desire of these countries to join Euro-Atlantic organisations. That makes their political elite more keen to accept advice from global organisations. In the comparative study of pension insurance reform in Latvia and Russia, Chandler (2001) has provided evidence that the implementation of pension insurance reform in Latvia was easier to achieve when compared to Russia, although, in both countries, pension reform proved to be politically unpopular. Chandler claims that Latvia's greater international orientation and its commitment to return back to 'western' Europe and its values were important in influencing its government's commitment to pursue a pension reform, while Russian leaders tended to perceive few advantages from western-oriented reforms. The weak civil

society was also one of the factors facilitating the reform mentioned in this study.

Although the external level of the variables has only recently started to become significant in welfare state research, the study of domestic level variables, such as people's subjective attitudes, has rather long traditions. Some of these studies concentrated on observing whether people's attitudes towards distributive justice coincided with Esping-Andersen's welfare state regimes, and/or how these attitudes vary between different strata and groups in society (see Andreß and Heien, 2001; Svallfors 1994). Others (Kohl 2002; Kangas 1995) have tried to find out how much people support welfare state institutions, and/or whether this support is presupposed and fostered by the objective welfare state arrangements. On the one hand, some attitudinal studies provide evidence that welfare state regimes do not comply with welfare attitudes regarding redistribution and income differences (see Svallfors 1997; Taylor-Gooby 2004). On the other hand, there are studies (see Andreß and Heien 2001; Kohl and Wendt 2003) that contradict this assumption and argue that so far welfare regimes influence attitudes towards the welfare state.

In summary, welfare state attitudinal studies have mainly focused on rich capitalist democracies and have ignored other countries that do not belong to this bloc. Very recent studies, however, that have started to include Eastern European countries into their analysis provide very interesting and informative results. Taylor-Gooby (2004) examined the impact of current changes on welfare values in the various types of European welfare states, among which the Czech Republic and Poland were included. He found that most people in all the countries analysed in the paper endorsed the interventionist welfare state and are committed to the improvement of social equality, notwithstanding the increased reliance on market principles in many aspects of the European political economy. The Czech Republic and Poland did not deviate too much from other European nations in their attitudes. However, they showed more similarities with Mediterranean countries and sometimes Poland was rather similar to the UK and Australia.

Other studies that have not focused directly on attitudes towards the welfare state have looked, instead, at attitudes towards the subjective well-being. Fahey and Smyth (2004), using data on life satisfaction from 33 European societies (including 15 Eastern European countries), found strong links between the subjective well-being and socio-economic conditions. They discovered that levels of life satisfaction vary across European societies in parallel with economic conditions, as measured by GDP per capita and by the recent economic growth performance. This study argues against the view that indicators of subjective well-being are insensitive to variations in socio-economic conditions.

Thus, it could be concluded that the inclusion of the Eastern European countries into attitudinal studies provides a favourable environment for test-

ing various theories and hypotheses, not least because these countries exhibit large variations not only as compared to Western countries, but also among themselves.

In the three Baltic countries, some public opinion surveys were carried out, such as the Baltica survey 1994-1995 and the NordBalt living conditions studies conducted in 1999. The Baltica survey focused on the public perception of different social problems, such as poverty, public health, unemployment and prostitution (for more information, see Moskalewicz and Tigerstedt 1998). The NordBalt survey provided attitudes of the self-assessment of various living conditions, including health, housing and attitudes towards politics (Marksoo 2000; Svarckopfa 2000; Ziukas 2000). The survey 'Social Change in the Baltic and Nordic countries' carried out in 1993 provided comprehensive background information about the economic, political and social living conditions for individuals in the country concerned. A few questions in the survey were focused on finding out the opinion of citizens regarding the role of different agents responsible for social policy (see Blom et al. 1996). Stankuniene et al. (2003) carried out a study of public opinion in Lithuania that looked at the attitudes and expectations of citizens concerning various population-related policies, among them support for families with children and the social protection of older people were evaluated by the Lithuanians. However, comparative studies on the opinions of welfare users in the three Baltic States, as an important variable that can both help to understand the variation in social policies as well as evaluate the performance of social security institutions, are quite often neglected.

The theoretical and empirical background discussed above inspired the emergence of the four studies included in this dissertation. The following section will review previous comparative studies on the development of Eastern European social policy.

Previous comparative and some case studies on social policy in East-Central Europe and the Baltic States

After the collapse of the socialist regime many East-Central European countries began their transition from the Soviet type of welfare state towards new 'Western-type' welfare regimes. The emergence of new regimes has stimulated empirical and theoretical curiosity. Social policy scholars have been trying to explain and understand changes that have been taking place in post-socialist societies. It is evident that the not so well explored Eastern European region in social policy research suggests that it is necessary not only to test already existing welfare state theories, typologies and approaches on these countries, but also to advance them.

As Deacon (1992b) has pointed out, the collapse of the Communist regime brought to an end not only a particular type of political and economic system, but also a specific type of welfare state. Therefore, scholars have attempted to assess how characteristics of the emerging social policies fit into the existing welfare state models. When Eastern Europe is being discussed, many comparative and case studies see welfare state development in this region as falling within the liberal or residual regime (see Ferge 1997, 2001b; Kvapilova 1995; Standing 1996), in which welfare is based on a mix of social insurance and social assistance, and a partial privatisation of social policy. Yet, as Standing (1996) has underlined, the attempts to reform have come up against a legacy of what was fundamentally comprehensive social policy.

However, there are studies that claim that the post-socialist welfare state does not follow a single pattern. Deacon (1992b), for instance, has predicted that Eastern European countries will develop their social policies in the future into distinct regimes that may even lie outside the three worlds of welfare capitalism described by Esping-Andersen. He labelled the social policy of Bulgaria, Poland, Romania, Serbia and the Soviet Union as a post-socialist conservative-corporatist welfare regime. According to Deacon, this regime can be defined as authoritarian corporatism shaped by the influence of Catholic teaching and the historical legacy of absolutism and authoritarianism. In addition, 'the expression of post-Communist conservative-corporatism captures the ideological and practical commitment to socialist values, the maintenance in power of some of the old guard, and the social deal struck with major labour interests' (Deacon 1993: 197). Nevertheless, other post-socialist countries, according to Deacon, will gradually develop into one of the regimes delineated by Esping-Andersen. Hungary and former Yugoslavia would come under the liberal regime, the Czech Republic would emerge as a social democratic regime and East Germany would join the conservative-corporatist regime.

Recent comparative studies have also highlighted emerging differences among the East European countries. Fajth (1999) has emphasised that most of the post-Communist countries have been moving away from collective solutions to individualised ones regarding social security. However, they do not necessarily follow the same paths when reforming their institutional arrangements. Kangas (1999), in his comparative study of institutions and their consequences in the social policy of several Western and transitional countries, including the Baltic States, has concluded that to place the post-socialist countries in the prevailing welfare state typologies is rather problematic. This is since neither the Western countries nor the post-socialist societies form a single homogenous group. There is a large variation when it comes to the institutional set-ups of social security programs among them.

As far as literature on social policy and gender is concerned, there are studies that emphasise similarities, others claim that there are significant

differences among East European countries in how they solve problems in the fields of social policy and gender. According to Pascall and Manning (2000), females in Central and Eastern Europe and the former Soviet Union have become more family-bound, i.e., more dependent on family relationships, if perhaps less dependent within them because of declining social provisions across the region. However, other studies have showed that a great variation could be found with regards to how these countries deal with challenges arising in the field of family policy (see Fodor et al. 2002; Suzsor 1999). Comparative studies on family policy in the three Baltic States are rare, although there is a study (Poldma 1997) that has suggested that the Baltic States differ in respect to fertility trends, family formation patterns and in respect to how they develop their family support systems.

The emergence of the new welfare states in Eastern and Central Europe has stimulated not only the research that focuses on the present day social policy, but also attempts to evaluate former social security structures from the Soviet era. Many of those studies (Poldma 1999; Hartl and Vecernik 1992) have tended to underline the negative side of the former socialist social policy, such as no indexation of benefits, poor quality of health care and other services, and housing shortages. Other researchers (Lehtonen 1996) have even claimed that social policy was virtually non-existent during the Soviet era. Nevertheless, some studies have pointed out not only the disadvantages, but also the advantages of the welfare systems of the former socialist countries. For instance, according to Deacon (1992a), there was job security for many in the former socialist countries, workers' wages represented a high percentage of the average wage, cheap housing and free health care were available to everybody. Fajth (1999) has highlighted the fact that before the collapse of the socialist regime the social security system of Central and Eastern European countries in many ways resembled that of the developed world and their social security efforts broadly fitted with that of the developed market economies. Manning and Shaw (1998), in their comparison of the Scandinavian and State Socialist models in relation to Finland and Estonia, have pointed out that, despite some disadvantages of the socialist model that were undemocratically imposed upon Estonia, there was a general commitment to equality in the system. Moreover, housing costs was almost free, as was also the case for food and transportation.

In short, it should be highlighted that negative attitudes towards the paternalistic Soviet state tend to underline the negative features of the welfare system and somewhat overshadow the positive features. Therefore, it could be argued that a critical assessment of the previous social security structures of the Soviet period is necessary.

Pension insurance reform, in particular, has attracted the attention of many scholars, not least because of the threat posed by ageing populations, which are affecting countries both in the East and the West. The implementation of the partial privatisation of pension provisions in some East-Central

European countries and the Baltic States has also been a broad subject for debate. From a comparative point of view, the pension reform that the Baltic States have been undergoing is broadly described in some studies (see Casey 2004; Muller 2002; Poskute 2003). These studies focus on differences and similarities among the three countries that are taking place in the pension insurance reform and its implications for future development. On the one hand, some authors (Poskute 2003) have underlined the level of domestic factors that influence the privatisation reforms of pension insurance, such as, for instance, the need to increase individual interest and responsibility in the pension system and avoid any drops in the pension replacement rate due to unfavourable demographic developments. On the other hand, some studies (Casey 2004) have highlighted the significant role of global organisations, such as the World Bank, regarding pension reform.

The influence of global pressures from the IMF and the World Bank on social policy development in transitional countries, including the Baltic States, is highly acknowledged in numerous studies (see e. g. Deacon 1992a, 1992b, 1997, 2000; Chandler 2001; Muller 2001). Nevertheless, the influence of Europeanisation is not so visible and straightforward. According to Rys (2001b: 185), 'the EU does not impose on member countries any specific hard law rules on social policy'. The open method of coordination established in order to stress a greater co-operation in the area of social protection among the EU member states is aimed to help them develop their own social policies through the process of learning about the best practices. At the same time, it takes into account the specific local conditions of a given country, where the new social policy measures are to be implemented (Wehner et al. 2004). Studies stress that EU accession procedures are only interested in the financial aspects of the social protection system (see Rys 2001a, 2001b; Wehner et al. 2004). This means that the impact of the EU on social policy reform might be difficult to detect. However, the implementation of the World Bank's recommendations is rather visible. Since the EU does not impose any specific concrete recommendations on social policy, it is probably not surprising that in the Baltic countries as regards pension insurance, as Casey (2004) has highlighted, more of the 'Bank', rather than the 'European' model can be found.

Reviewing the literature above (including also a review of literature from the previous section), several similar patterns can be identified. Many of the studies tend to evaluate the development of social policies in the post-socialist world with respect to the economic affordability of those countries' programs, the institutional characteristics of the main social security programs, global pressures from the IMF and the World Bank, legacies of the past, the political orientations of governments and weak civil society. However, studies of the opinions of both users and reformers of the welfare state in these countries have been rather neglected. Thus far, Deacon (1992a), underlining the specificity of the new policy developments after 'Communi-

nism', has suggested a set of criteria for evaluating social policy, among which the relationships between welfare providers and welfare users have to be taken into account. Therefore, this dissertation concentrates more on the opinions of both welfare providers and users, whose impact on the welfare state development of the post-socialist countries is not so straightforward or visible and, therefore, has been under-researched in the scientific literature. This, in turn, has meant that their impact on welfare state development is less known.

In summary, it should be pointed out that some of the comparative studies that include an analysis of the large numbers of transitional countries tend to over-generalise. This is because of the lack of both adequate statistical data on each separate transitional country as well as comprehensive and sufficient information on the structural features of the social security institutions. A similar assumption was expressed by Fodor et al. (2002) in their study of family policies and gender in Hungary, Poland and Romania. They pointed out that scholars studying gender relations in the Eastern European region tend to over-generalise because of the lack of comparative data of any kind and often treat welfare state development as if it were uniform all over Eastern Europe. In this respect, a comparative case study may contribute towards a deeper understanding of the problems concerning social policy development.

This dissertation gives an insight into the comparative case of social policy development in the Baltic countries, which were selected because of their large social-economic fluctuations over the ten-year period. Moreover, they offer an interesting possibility to study post-socialist welfare state development. Lithuania, Latvia and Estonia have all experienced crucial economic and political changes since the collapse of the Soviet regime. People's attitudes towards social policy, the state's role in ensuring the well-being of the individual, and income inequality have changed considerably. Civil society has entered into a stage of rapid transformation and development. Moreover, the three countries have experienced Soviet authoritarian rule, which undoubtedly had some impact on the future development possibilities of the countries concerned.

Data and methods

Data: This dissertation is based on quantitative and qualitative data. At the same time, the analysis in this paper uses a mixture of primary and secondary sources.

The sources regarding the legislation of the Baltic countries' social security systems are primarily various international and national publications and reports published by the Ministry of Welfare of Latvia, the Ministry of Social Affairs of Estonia and the Ministry of Labour and Social Security of

Lithuania as well as UNDP publications. The sources on social security legislation are published yearly, and they are of a high quality, providing comprehensive information on legislation, changes and guidance for the future strategies to be implemented in the field of social security.

The qualitative data includes semi-structured expert interviews from the three Baltic countries. The author of this dissertation conducted twenty expert interviews in the three Baltic States; six in Lithuania (four in January and two in September 2002), six in Latvia (five in August and one in September 2002) and eight in Estonia (May 2002). The experts are the most prominent figures who were and still are, directly or indirectly, involved in social policy reform and development. They are leading bureaucrats, working in ministries as social policymakers; scientists involved in social policy reform, some of them working as advisors either to parliament members or as counsellors to ministers. Some of them are working as advisors specifically to the Ministry of Social Affairs (in Estonia), the Ministry of Welfare (in Latvia) and the Ministry of Social Security and Labour (in Lithuania); some of them are politically active. Interviews were conducted in either one of three languages: Lithuanian, English or Russian. In Lithuania, experts were interviewed in Lithuanian. In Estonia and Latvia experts were given the possibility of choosing whether English or Russian would be used in the interview. However, as the majority preferred to speak in English, only a few interviews were conducted in Russian.

The quantitative data comes from a questionnaire, which was carried out as part of an omnibus survey in the three Baltic States. The questionnaire was administered in May 2002 by the Market and Opinion Research Center "VILMORUS" (Lithuania) in collaboration with ES Turu-Uuringute As (Estonia) and Latvian Statistics (Latvia). VILMORUS had ensured that the data received from the three countries had to be comparable. Therefore, all three countries selected similar methodology, sampling procedure and target group. One thousand respondents or more were questioned in each country (1,001 in Estonia, 1,006 in Latvia and 1,044 in Lithuania). The response rates in Estonia, Latvia and Lithuania were 72, 79 and 66 per cent respectively which is reasonable. The author of this dissertation prepared the questionnaire in such a way as to determine people's attitudes towards social policy, social justice and their general attitudes towards changes in material well-being. The questionnaires were prepared in the native languages of each Baltic country (in Estonian, Latvian and Lithuanian) and additionally in Russian.

In order to calculate the changes in people's attitudes and perceptions over the ten-year period, the quantitative data derived from the 'Social Changes in Nordic and Baltic Countries 1993' project are used for historical analysis and comparison. This survey was carried out in the Baltic and Nordic countries under the leadership of Professor Raimo Blom and his team (Tampere University, Finland). Local teams conducted the research in

Lithuania, Latvia and Estonia.⁶ The purpose of this comparative nation-wide survey was to describe the characteristic features and determinants of social transition. In all three Baltic countries, more than 1,400 (1,485 in Lithuania; 1,636 in Latvia and 1,499 in Estonia) respondents were questioned. The quantitative survey data from 1993 provides comprehensive background information about the economic, political and social living conditions for individuals in the country concerned (for more details, see Blom et al. 1996). This data is briefly utilised in the second study of this dissertation.

All of the empirical data is of a high quality and, therefore, it is perfectly suitable for the research purposes of this dissertation. For a more detailed description of the data, see the respective papers.

It must be mentioned that the secondary data (the aggregate level statistics, reports and various documents) is also broadly analysed in this study. Statistical data is derived from various national (Statistical Office of Estonia, Central Statistical Bureau of Latvia, and Statistical Office of Lithuania) and international (Nordic/Baltic social protection statistics, SIDA and U.S. Census Bureau) sources. Some methodological problems were encountered whilst analysing the aggregate level data. There was a lack of adequate comparable statistics on social security spending and various social indicators on the Baltic countries. Sometimes different sources provided contrasting statistical data for the same period. Therefore, this dissertation has relied more on national sources, than on international comparative statistics. This may call into question the reliability and comparability of the data. Nevertheless, the author is aware of these limitations and hopes that the publication of adequate comparable statistics on social security spending and other social security indicators of the Baltic States will overcome them in the future.

Methods: This dissertation employs qualitative analyses (Huberman and Miles, 1997), the constant comparative method of qualitative analysis (Glaser and Strauss, 1967), the comparative case-oriented method (Ragin 1994, 1997a, 1997b) and quantitative methods (descriptive statistics and logit regression analyses (Long, 1997; Miles and Shevlin, 2001) to assess issues concerning social policy development in the three Baltic States. These are frequently applied methods in sociological analyses. However, it is not so common for this combination to be used regarding the examination of the phenomenon in question. This dissertation demonstrates that it is fruitful to apply various methods to study social phenomenon since it provides a deeper and more comprehensive understanding of the problems concerned. For a more detailed description of the methods used, see the respective papers.

⁶ For further details, see Blom et al. (1996). In Lithuania, the Lithuanian group, which carried out this project, was under the leadership of M. Taljunaite.

Summary and discussion of the four studies

The four studies included in this thesis focus on different aspects of social policy, starting with a close examination of the main social security institutions, followed by the analysis of the historical roots of Baltic social security and people's attitudes towards distributive justice. There then follows a closer look at the views of elites regarding family policy and finally there is an analysis of the opinions of welfare users.

The qualitative and quantitative analyses used in this dissertation have indicated that, despite having a lot of similar qualities at the outset, the three Baltic States appear to be more distinct than similar in how they address the issues that arise in the field of social policy. This study indicates that social policy development is a complex phenomenon shaped by a variety of forces, particularly in such societies as transitional ones and should be studied as if embedded in the societal, economic, political, cultural and historical aspects of a given society. As Granovetter's (1992: 53) embeddedness approach implies, 'the behaviour and institutions to be analysed are so constrained by the ongoing social relations that to construe them as independent is a grievous misunderstanding'.

It is a central argument of this dissertation that because of the weak civil society, the fragmentation of political parties and their high volatility, inherited social security structures from the Soviet era and the impact of historical legacy on people's attitudes towards distributive justice, the main actors in social policy reform and development in the three Baltic countries appear to be the public sector, e.g., social security bureaucrats and other political elite who are, directly or indirectly, involved in social policy reform. This can be true for other post-socialist societies.

Study One: The formation of social insurance institutions of the Baltic States in the Post-Socialist era

The first study is designed to assess the ideal-typical social security model of the three Baltic countries as one of the examples of Eastern European welfare state development. It considers the old-age pension, unemployment insurance, short-term benefits (sickness, maternity and parental insurance) and family benefits with respect to eligibility conditions, replacement rates, financing and contributions. This paper focuses on two research questions: How closely do the institutional structures of the three Baltic countries fit into the ideal types of social security institutions? Have the Baltic countries developed into a distinct post-socialist welfare regime or do they fall into one of the suggested regime types used to study rich capitalist democracies?

A further aim of this paper is give an overview of the social security systems of the three Baltic States and, in such a way, so as to contribute towards a deeper understanding of the social security systems of the Eastern Euro-

pean countries. This means that this study looks not only at ideal types of social security institutions, but also examines the real structures of social security schemes in these countries.

It is necessary to stress that the typologies that were analysed in this paper are considered only to be very rough approximations of the real welfare state systems that exist in various countries. Nevertheless, as Arts and Gelissen (2002) contend, these approximations do indicate that major differences exist among social policy systems. Therefore, the ideal-typical models of the welfare state can be used to study the general direction of welfare state development in such transformational societies (and not only) as the three Baltic countries.

In order to assess the social security institutions of the Baltic countries in the light of the ideal types of welfare states, the two well-known typologies were used as a testing ground: Esping-Andersen's (1990) regime types and Korpi-Palme's (1998) models of social security institutions. Korpi-Palme's typology is suitable to assess social security institutions by the benefit levels and the bases of entitlement and make some predictions on the evolution of poverty and inequality. Esping-Andersen's typology makes it possible to discuss the Baltic model of social policy in the context of the main criteria used to distinguish regime types: the degree of decommodification, the impact upon stratification and the role of the state, the market and the family regarding social provisions. Esping-Andersen's typology being the most broad (it involves the analysis of political and ideological perspectives as well as captures the differences in employment and social security institutions) and Korpi-Palme's typology being the most narrow (it captures differences only in social security institutions) provide a suitable analytical environment for asking whether the Baltic States have developed into a distinct post-socialist model of social policy or whether they fall into one of the suggested models delineated by the typologies above.

By applying Korpi-Palme's typology, a mix of various ideal-typical social security institutions was found in the social security systems of the Baltic States. In Lithuania, even if the basic security model prevails in many programs, there are strong elements of the targeted model and even some programs are close to the encompassing model. In Estonia, the basic security model also prevails in many programs. However, some elements of targeting and the corporatist model can be found. In Latvia, both the basic security and corporatist models prevail in the main social security programs analysed in this essay. The mix of various ideal-typical social security institutions in the Baltic social security systems reveals a great potential for the future development of social security systems in these countries. This study confirms the assumption that single nations are usually viewed as hybrid cases and never considered the pure representatives of any ideal-typical model of the welfare state.

Discussing the social security systems of the Baltic countries in the context of the main criteria used to distinguish Esping-Andersen's regime types, it could be argued that the labour force in the Baltic States is quite commodified. Even if all major programs, which are supposed to protect citizens from social risk, exist, the benefit level is relatively low, meaning that citizens should rely mainly on the market or the family for support rather than the state. This has resulted in an increase in income inequalities and poverty rates in the Baltic States.

Although the Baltic States exhibit diversity in separate social security programs analysed here, they also have a lot in common. On the basis of the example of the three Baltic States the main features of the post-socialist welfare state regime have been discerned. First, the main feature that makes it possible to group the Baltic countries into a distinct welfare state model is the identification of their social security systems with the experience of the Soviet past. Many of the elements of the Soviet social security system were incorporated into the current social security systems of the post-socialist countries. Although, as pointed out in this study, the Baltic States went through a social policy reform, it is still clear that many structures from the Soviet era have been retained and some are not so easy to dismantle. This is despite the fact that social security was bound both by relatively low resources, which were particularly limited during the first years of independence, and by the commitment to the liberal market values in these countries. The supremacy of the social insurance system also could be traced back to Soviet times, when social security was available through employment.

Second, it can be discerned from the discussion on the social security schemes of the Baltic States that the post-socialist welfare state holds such features as high coverage, but relatively low benefit levels. Insurance-based schemes play the major part in the system of social protection; however, the same programs cover everyone. Universal benefits in many cases still overshadow means tested ones. Nevertheless, the relatively low benefit levels are not a sufficient incentive for some people to own up and declare their income for taxation. Although some private pension funds have already been introduced, they have played up to now quite insignificant roles in the social security system. However, it cannot be disputed that their importance might increasingly grow in the future.

The main features of the post-socialist regime identified in this study using the example of the three Baltic States also confirms that the post-socialist regime has both features of liberal and conservative-corporatist regime types.

The main features delineated in this study show that the Baltic States cannot be placed exactly into any model that has been developed to study capitalist democracies. The critical analysis of the main social security institutions in this study has supplied stronger evidence in favour of identifying the

post-socialist (or Eastern European) regime type that is already gaining acceptance within comparative welfare state research.

Study Two: From universal system of social policy to particularistic? The case of the Baltic States

The second study is designed to determine what is behind the social policy in the three Baltic States, with special attention being given to the similarities and differences throughout these countries. The aim of the study is to highlight the forces that have influenced the transformation of social policy from its former highly universal, but authoritarian form, to the less universal, social insurance based systems of present day Lithuania, Latvia and Estonia. Why do these three countries have the types of social security systems they currently have? What are the main causal forces behind the development of the various social policies? These are the central questions posed in this essay.

Given a basic understanding of the socialist economy, which is necessary to understand the Soviet social security system and its goals, this study critically assesses the previous social security structure of the Baltic States. The review of the literature makes it possible to draw the conclusion that only when Soviet power had been established in Lithuania, Latvia and Estonia did social security become universal and available to every worker and employee. The Soviet authoritarian welfare state provided full employment, free medical care and free education for everybody. Everybody was insured in all cases of loss of working capacity: old age, invalidity, illness and the loss of the breadwinner. This system can best be thought of as a form of authoritarian welfare state, based on compulsory employment with a huge redistributive mechanism.

The overview of the current systems, which were developed in the Baltic States after the collapse of the Soviet Union, reveals that social policy became less universal as compared to the situation earlier. The ideology has shifted from a full state commitment to the safety of everybody in every situation to providing a safety net for its population, where people's primary responsibility is for their own welfare.

The comparative case-oriented method (based on a combination of qualitative (expert interviews) and quantitative data (nation-wide opinion poll surveys) employed in this study have produced a number of fruitful explanations. They account for the shift from the comprehensive social security system that was inherited from the Soviet period to something less comprehensive and universal in nature.

The qualitative analyses of the expert interviews revealed that none of the countries have tried to copy or import any specific Western model of social security. Social security was reformed after examining the experience of

countries from all over the world and adapting it to the specifics of the individual countries. Thus, Lithuania, Latvia and Estonia are such examples, where social security structures were developed that relied mostly on the potential of the country's economy in conjunction with other structures.

At the same time, the expert interviews disclosed that social security was transformed gradually and the economic difficulties during the first years of independence (hyperinflation, the decline in GDP, and the bankruptcy of banks and many enterprises) were a significant reason for the shortcomings of the social policy. However, it can be argued that economic performance alone does not determine the development of social programs.

In this study, it has been argued that the social security systems of the three Baltic States have been determined not only by the economic possibilities in these countries. The results of this analysis have revealed that people's attitudes towards distributed justice and the developmental level of civil society play also an important part in shaping social policies. The shift to individualism in people's mentality and the decline of the labour movement, or, to be more precise, the decline in trade union membership and its influence, does nothing to promote the development of social rights in the Baltic countries and hinders the expansion of social policies.

The legacy of the past has been another important factor in shaping social policies. In the Baltic countries, on the one hand, social policy, in many cases, was reformed by relying on, adapting and gradually transforming the social policy structures that were inherited from the Soviet era. And, on the other hand, the negative attitude towards the paternalistic Soviet State, which saved everybody in every situation without leaving any space for individual initiatives, created favourable conditions for a move from a universal form of social provision to one more fragmented in nature.

The same can be said to be true of the decline in trade union membership. The distorted activity of the trade unions during Soviet times, when they were more involved in property distribution than in defending the rights of working people, has presently left a deep scar on the development of the trade unions. Such a legacy does nothing to increase the prospects of a strong trade union movement being created today.

It can be concluded that social policy should be studied as if embedded not only in the welfare-economy nexus, but also in the societal, historical and cultural nexus of a given society.

Study Three: Reforming family policy in the Baltic States – the views of the elites

The third essay attempts to give an insight into the comparative cases of the Baltic States (Estonia, Latvia and Lithuania) regarding the development of the Eastern European family policy. As is well known, these countries were

incorporated into the former Soviet Union and were subject to the same family policy regulations as the whole Soviet Union. The Baltic States had an identical family support system, although currently they exhibit not only similarities, but also significant differences. They thus have a common past in terms of policy design, but have developed differences during the course of the post-Soviet period.

The aim of this study is to explore the differences in the views of the state elites (political elite, policy-makers, researchers and social policy bureaucrats) in the Baltic States about family policy and specifically family benefits since this could possibly explain the observed policy differences.

It should be stressed that this paper focuses mainly on the transfer benefits for families and children as one of the most developed components in an overall family support system. However, since it is difficult to talk about family benefits without a broader discussion of the general family support system, some other parts, like child-care facilities, are also very briefly touched upon in this study, while discussing Soviet family policy and the views of the state elites.

Employing the techniques of the qualitative analyses based on twenty semi-structured expert interviews conducted in three Baltic States in 2002, it has been revealed that there are essential differences, both in terms of how the family benefits system is designed and in terms of the attitudes of the state elites towards family policy in the Baltic States. The findings of this paper indicate that the three countries differ significantly with regard to motives for their respective family policies. Lithuanian decision-makers seek to reduce poverty among families with children and enhance parents' responsibility for the upbringing of their children. Therefore, the emphasis is placed on earnings-related, means tested benefits and other category-targeted benefits. Latvian policymakers act so as to increase the birth rate and create equal opportunities for children from all families. Therefore, the family benefits system is mainly universal and covers all children up to their fifteenth birthday. Some benefits increase with the number of children in a family. Estonian policymakers, however, seek to create equal opportunities for all children and the desire to enhance gender equality is more visible in the case of Estonia as compared to the other two countries. Consequently, in Estonia, the universal benefits are the most predominant and the emphasis is placed on the development of the social services in helping to combine work and family responsibilities. Currently, introduced earnings-related parental leave alongside other universal benefits usually given to the mother shows signs that gender equality is being taken seriously with regards to reforming family policy. It is strongly arguable that there is a link between the reasons and the kind of family support system. In sum, the ideology of the family support system shows clear signs of solidarity and universalism in Latvia and particularly in Estonia. In Lithuania, however, the more individualistic approach is being taken towards family policy. However, this study also reveals that

motives can change over time, in particular in such countries as transitional ones, in which economic, social and cultural conditions are changing so rapidly.

The qualitative analyses of this essay very much show how the attitudes of bureaucrats, policy-makers and researchers greatly influence social policy. It confirms that family policy is a product of the prevailing ideology within a country. The impact of globalisation and Europeanisation is also rather visible here. The ideology of the Latvian and, in particular, the Estonian family policy seems to be very pro-Scandinavian. However, as the expert interviews disclosed, the decision-makers in all three Baltic countries have been fully aware of what kind of systems the neighbouring Scandinavian countries have. Nonetheless, Latvia and Estonia are much more influenced by the experiences there. This means that the notion of external influence should be accepted with some caution. A country's decision-makers will more likely accept something considered more suitable to their country's traditions and people's mentality. Lithuania has been developing a system that mostly relies upon available resources, and the prevailing ideology regarding family support is more neo-liberal than universalist. The cooperation with other countries, such as the UK and Ireland, where high-level contacts concerning social policy are fairly frequent, could also have made an impact here. Hence, the socio-economic and cultural factors also contribute towards emerging differences in family benefit arrangements among the Baltic States.

Overall, it could be concluded that family policy reform is driven in the Baltic States based on policy-makers' decisions and their understanding of changes and possible reform, whilst relying more on the prospect of economic opportunities for their countries. At the same time, the demographic situations, advice from global organisations, exchanging policy experiences with other European Union countries and previous Socialist family policy structures are also strongly taken into account by policy-makers and other political elite involved in social policy reform. As the overview of the legacies of the family policy has revealed many of the structures from the previous system were integrated into the family policies of the newly established countries and then some of the benefits were kept, some of them were discarded and others were transformed gradually.

In addition, the descriptive analyses have revealed that the indicators (parties in power, trade union strength and female political representation) that are rather important for explaining differences among the arrangements for family policy in Western countries are not evidently capable of explaining the differences in the ideology and arrangements of the family policy in the Baltic States. Generally, the empirical material analysed in this study allows putting forward a hypothesis that in the Baltic States the decision-makers and bureaucrats have up to now had a more significant impact on social policy development than political parties and other actors.

Based on the underlying motives of the elites as well as a short discussion of the results of the family policies (child poverty, fertility rates and female labour force participation), this paper attempts to place the three Baltic States into 'western' family policy models. However, the tentative conclusion is that the Baltic States are examples of a distinct type of post-socialist family policy, which can be referred to as the market-dependent family policy model. This model is difficult to place into any existing typology. The main feature of this model is a contradiction between state intentions and results. The state still tries rather actively to intervene in family life. However, the relatively low benefit levels do not have a significant impact on the distributive results, which the family policy is intended to achieve. Thus, the market and the family still play a more significant role in family life than the state does, even if the state, both ideologically and financially, intervenes in family life.

Study Four: Quality matters? Public opinion on family benefits in the Baltic States

The fourth paper, from a comparative perspective, contributes to research on the opinion of users of the welfare states in Estonia, Latvia and Lithuania. It assesses various family benefits according to the recipients' satisfaction with those benefits. So far, people's opinions on the governments' efforts to help families are generally compared with those of the users of the welfare programs. According to the views of the recipients, how much do the various cash benefits help them cope with the social risks that arise from bringing up children? Does government support to families and children meet with the approval of the population at large? These are the main questions addressed in this discussion.

Various family benefits are evaluated according to the recipients' satisfaction with those benefits, with contemporaneous levels of subjective satisfaction with programs related to the absolute level of expenditure on each program. The subjective indicators for this study come from a questionnaire carried out as part of an omnibus social survey in the three Baltic States in 2002. People's satisfaction with various benefits is analysed by using a set of descriptive statistical techniques. Additionally, a Logit regression model was employed to capture the differences in the citizens' satisfaction with government support to families and children as well as universal benefits. Secondary data (objective indicators) is widely used in this study. Aggregate country-level statistics are broadly compared with the survey data. The real expenditure on cash benefits for families and children are measured by using purchasing power parities (PPP).

The findings of this essay support the assumption that the success of welfare institutions cannot be measured by relying only on objective indicators.

This study suggests that subjective indicators can provide insights into the successful or unsuccessful performances of the social security institutions and they should increasingly be taken into account in social policy research. Objective indicators alone, such as welfare state spending, do not provide sufficient information. The kind of family policy (mainly cash benefits analysed here) and absolute spending on it should help most recipients of family benefits in Estonia. However, recipients are equally satisfied with the kind of family benefits design in Estonia as in Lithuania, although the latter, in absolute terms, spends less on cash benefits for families and children. In Latvia, a relatively low amount of welfare initiatives (Latvia spends the least on cash benefits for families and children) produces the lowest levels of satisfaction among the Baltic States. However, it could be argued that recipients have not experienced as much the successful performances of the existing family insurance institutions.

The findings of this paper indicate that, in Latvia, people experience less the successful performance of institutionalised family insurance institutions, as compared to those in Lithuania and Estonia. This is because the cash benefits for families and children, in Latvia, are, on average, believed to only fractionally influence the financial situation of families. In Lithuania and Estonia, an overwhelming majority think that the family benefits system improves the financial situation of families.

It has, nonetheless, been revealed that an overwhelming majority of the population in all three countries feel that the government does not provide enough support for families and children. In Lithuania, the number of those agreeing with this is smaller. It appears that, in Lithuania, family policy is designed to benefit the most needy families. Therefore, emphasis is placed on category-targeted and earnings-related benefits. Many of those benefits meet with substantial approval from those benefits users.

In Latvia and Estonia, the types of family policy are based on universalism, although category-targeted and means tested benefits also exist in both these countries. In Estonia and Latvia, it seems that universal benefits paid up to the child's 15th or 16th birthday were not very popular among the recipients of social benefits.

Overall, it appears that, in the Baltics, recipients have given a less positive evaluation of the universal family benefits than the categorical-targeted or means-tested ones (in Latvia and Estonia). Some universal benefits lowered the level of general satisfaction with the family benefits system provided in these countries.

Simultaneously, this study indirectly highlights another important issue -- it becomes evident that not only quantity, but also quality matters in welfare state spending. How money is spent and how much one spends are equally important in terms of satisfaction with existing institutions. This is, in particular, important for Eastern European countries, whose resources are relatively limited. Universal child allowances paid up to the child's 15th or 16th

birthday are among the most expensive family benefits in Latvia and Estonia. At the same time, the population ranked these benefits at the bottom. Since the high level of expenditure is spread over a huge number of recipients, the benefit level for child allowance is very low, which does not contribute in any important way to the improvement of the financial situation of families.

Conversely, targeting, which includes some category-targeted benefits, gains a lot of approval since it is what families really need in the Baltic States. Numerous studies have indicated that families with dependent children, especially large families and single parent families, find themselves in greater poverty than the rest of the population. The findings of this study indicate that universal benefits are important in the Baltic States for low-income families and those families that are at a greater risk of ending up in poverty, such as large families and single parent/divorced families.

Policy-makers in many post-socialist societies have since the collapse of the Soviet regime been faced with a dilemma that concerns the question as to whether emphasis should be placed on universalism or targeting the reformation of a social policy. This study puts forward a discussion about whether universalism is always more legitimate than targeting. In transitional economies, in which resources are highly constrained, some forms of universal benefits could turn out to be very expensive in relative terms, without being seen as useful or legitimate forms of help to families.

Avenues for further research

The four studies included in this dissertation are all related to the theme of the emergence of the post-socialist welfare state. The aim has been to draw broader conclusions from this dissertation that go beyond the case of the Baltic States. Hence, the similarities of the Baltic States with other post-socialist countries have been emphasised and a rich overview of the earlier studies of East European social policy development have been provided that have demonstrated a number of similar macro-level patterns among those countries. Nevertheless, the author is aware that all conclusions drawn from the close examination of the three Baltic States should be considered as potential sources for explaining the changes in the understanding of the other post-socialist societies, but not as final and irrefutable evidence with regards to comprehending the changes in the East.

This dissertation is not the final word on the Baltic welfare states or the transformed welfare states in Eastern Europe in general, not even on the first decade of the post-socialist welfare state in this area. There is an obvious need for further examination of the changes taking place in the social policy arena in this part of the world.

The state centrist approach could be further elaborated upon in future comparative studies of welfare state development in the Baltic area. The role of political parties and other actors, such as various social movements, employers' associations and NGOs, is important in this context and needs further investigation. A detailed study of the political parties and their impact on welfare reforms should be examined in future comparative studies of the Baltic States.

This volume has mainly looked at the opinions of welfare providers and welfare users. Therefore, further comparative research on the Baltic States should focus attention on social transfers data and explore more closely the links between the social security institutions and their consequences (poverty rates, inequalities, impact upon individual choices and abilities to cope).

The historical legacy of social policy developments in the Soviet Union and the influence of the macro-historical setting created by the very existence of the Soviet Empire have only been touched upon in this dissertation. Regarding the present, as already indicated, there are few comparative studies on pension developments in the East after the dissolution of the Soviet Union, while other branches of social insurance, such as sickness and occupational injury insurance, are under-researched. Moreover, the setting-up of unemployment insurance systems in Eastern Europe in general, and in the Baltic States in particular, is definitely a case in point for future investigation by way of comparative research.

The new private-public mix and the opening up of private initiatives in the field of welfare are other avenues to be adopted by social research. Furthermore, the influence of EU enlargement and European integration, for instance the role of the Open Method of Coordination on social policy developments in Estonia, Latvia and Lithuania, needs to be scrutinised in the years to come. Likewise, theoretical issues related to broader concepts, such as class, gender and ethnicity, as well as a reconsideration of existing models and regime types will continue to be on the comparative welfare state's agenda.

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