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European integration and the reform of social security in the accession countries^{1, 2}

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Abstract:

The process of accession influences in many respects positively the economy, the politics and the social policy of the applicant countries. However, the EU suggestions for some reforms of social security may steer these countries in a more American than European direction. In the first section of the paper the building blocks of, and some doubts about, the “European model” of social protection are briefly passed under review. The governing bodies and leading actors of the EU often strongly support basic social values, and encourage the strengthening of the system of social protection in the member countries albeit social policy mainly belongs to the field of subsidiarity. The second section sums up the recent trends in the changes of welfare regimes in the East and West of Europe showing some elements of divergence, and some of convergence among them. The third section suggests that the Union has a different social security agenda for the accession countries than for the EU members. This allegation is based on a review of the Accession Reports from the Community for ten applicant countries for 1999. It is concluded that there seems to be a hidden agenda for the applicant countries not quite in line either with the European model or with the subsidiarity principle. The hidden agenda suggests to the accession countries measures contrary to the European model, such as the privatisation of pensions and health, or the cutback of already low social expenditures. Section 4 shows that this agenda is rather close to the agenda of the monetarist supranational agencies. The conclusion is that the countries that would like to join the Union may destroy or create institutions (for instance two-tier health services) which might ultimately increase the East-West social gap.

¹ A thoroughly reworked version of a paper originally prepared for the conference organised by CEPPII (Paris) and CEPS (Brussels) on the Economic and Social Dimensions of EU Enlargement, on the behalf of the French Presidency of the European Union. Brussels, 16 November 2000. The paper is submitted to the Journal of Social Quality.

² I owe warm thanks to Adrian Sinfield who was the first reader of the text, encouraged the approach and made critical and helpful remarks on the first draft. In many cases I included his suggestions verbatim.

European integration and the reform of social security in the accession countries

1 The “European model” - assuming it exists

The “European model” of social protection is defined nowhere yet quite often referred to. Many of its underlying values and constitutive elements are repeatedly spelt out in various documents. Let me recapitulate in a condensed way some of the core values and some of the instruments or building blocks promoting their implementation

- ***There are basic social values that are never contested. They include the “trinity” of enlightenment and some related values.*** The *Comité des Sages* (mandated by the Commission) prepared a major position paper on the situation of social policy in the Union implicitly or explicitly referring to Freedom, Equality and Fraternity. It remarked that “Freedom and the conditions of freedom” are the mirror image of ‘democracy and development’” (European Commission, 1996, p.5.) In other words ‘negative freedoms’ (civil and political rights) should be enhanced by positive freedoms. The report recognised the importance of a minimum income and strongly advocated it. It also repeatedly emphasised the dangers of increasing inequality. Solidarity and social cohesion seem to remain key values even under the pressures for modernisation: “The challenge is to align social protection to the new situation without abandoning its core values of *solidarity* and *cohesion*” (CEC 1997, fn.2). Romano Prodi subsumed lately quite a few features of the “European model”.

Europe needs to project its model of society into the wider world... the experience of liberating people from poverty, war, oppression and intolerance. We have forged a model of development and continental integration based on the principles of democracy, freedom and solidarity and it is a model that works (Prodi, 2000a).

- ***A highly developed social protection system is one of the instruments promoting the core values.*** The Commission affirmed in 1997 that
The European social model is valued and should be consolidated. This model is based both on common values and the understanding that social policy and economic performance are not contradictory but mutually reinforcing. Highly developed social protection systems are a major component of this social model (CEC 1997, p.1).

The French Presidency committed itself to “the *development* and *improvement* of social protection.” (Observatoire 2000). Also in 2000 the Commission presented a seminal document, the *Report on Social Protection in Europe 1999* (European Commission, 2000). According to the official

information about the Report “social protection is, more than ever, at the heart of the Community agenda”³.

- ***The fight against social exclusion has become a priority issue on the social policy agenda.*** The European Union together with the Council of Europe put the fight against poverty on the agenda in the mid-seventies, and social exclusion in the eighties. The efforts have been relatively slight for long, for instance the resources for the anti-poverty programmes were rather limited (European Parliament, 1997). From the mid-nineties this situation appears to have changed. Social exclusion has indeed become in the last years a primary concern both on the European and on the Union level. The “Human dignity and social exclusion project” of the Council of Europe widely supported by many member countries of the Union started in 1995. Recommendation 1355 (1998) of the Council of Europe spells out the ongoing relevance of the problem: “Poverty and exclusion must not be the price to pay for economic growth and well-being. Today, social exclusion is no longer a marginal problem in Europe: it is a painful and dramatic reality for millions of people.”

- ***Social rights appear to be the foundation of the social protection system – albeit they may be the weakest link in the chain.*** The Chair of the *Comité des Sages* affirmed the equal importance of civil rights and social rights: “Civic rights and social rights are becoming interdependent. In the European tradition they are inseparable.” The December 2000 Nice European Council witnessed the “solemn proclamation” of the *Charter of Fundamental Rights*. The Summit was preceded by a long campaign of civil forces. The stake was that the idea of the indivisibility and the enforceability of fundamental rights should be integrated in the present Treaty. The Charter was adopted at the summit albeit without the desired guarantees for social, economic and trade union rights. Romano Prodi commented on this point in his speech to the European Parliament: “I know there are some, including some in this House, who consider it (the Charter) too weak” (Prodi 2000b). Yet the safeguard of civil and political rights is extremely strong in the Union. This is of basic importance for the accession countries in which not only social rights also but the more “traditional” civil and human rights often need further reinforcement.

- ***The importance of the participation of civil society and of civil dialogue is widely accepted.*** The EU is firmly committed to an institutionalised social dialogue between autonomous partners of the two sides of industry and the state, as well as to a broad dialog with the representatives of „civil society” in the largest sense. A democratic, participative civil society is seen as instrumental in shaping social policy.

The acceptance of the core values and building blocks of the model may not be as smooth and uniform as suggested above. Within the European institutions

³://europa.eu.int/comm/employment_social/soc-prot/social/news/report_en.htm

publishing the quoted documents there are widely shared dissenting views, too. Many believe that the “four freedoms” constitute the essence of the Union, and the values referred to above amount to mere rhetoric.⁴ The new Social Policy Agenda adopted by the Commission on June 28th 2000 is rather silent on some of the principles enumerated above. It emphasises the “strategic goals” agreed upon at the Lisbon Summit. Albeit the objective of “more and better jobs and greater social cohesion” still figures on the agenda the main goal is a competitive and dynamic knowledge-based European economy capable of sustaining economic growth. There have been in most member countries vigorous attacks on the “European Model” of social protection. The main criticisms invoke the political, economic and moral unsustainability of high public social expenditures under conditions of global competition. Yet up to now the “European Model” plays a central role in the European Union .

2 Welfare regimes here and there

The European welfare states as they evolved after the second World War differed widely. Social policy specialists still debate their “types”, and how should one label them. G. Esping-Andersen identified three types of welfare regime in his seminal and widely quoted book (Esping-Andersen 1990), namely the 'liberal', the 'conservative-corporatist', and the 'liberal socialist' types. Since then various other categories have been distinguished, from a Christian democratic type to the Latin rim or South European welfare states. Global economic pressures exert their impact towards a relatively uniform a monetarist, neoliberal model. Yet it seems that the “European model” is operative as regards basic social values and objectives. The civil society of the EU member countries is (at least up to now) more in favour of the “European” than the neo-liberal model (Svallfors and Taylor-Gooby, 1999). As a consequence of the various pressures the systems of social protection are becoming more mixed. The pure profiles of the Western regime types – if they ever existed – have become more blurred albeit the historically established institutions continue to be powerful. It is unsure whether even at present “we are able to speak of ‘convergence’ between the European Union’s various social security systems. The examples show that there is no move towards a single Welfare State model” (CEC 1999).

Public support and political commitments have proved to be effective. There were no major changes in the welfare arrangements of the member countries of the Union. As far as the *structure* of social expenditures are concerned some conditions of access have been made stricter, some benefits have been trimmed, and some elements have been privatised. Yet with the exception of the Netherlands no major overhaul took place. As far as the level of *expenditures* is concerned, a slight convergence may be observed. Cuts occurred mainly in case of the high spenders (one exception being Denmark),

⁴ Opinion voiced by Jorgen Mortensen, Senior Research Fellow, CEPS discussing the present paper at the Brussels conference.

while the least developed welfare states – the southern rim and Ireland – are catching up. There is again one noteworthy exception, the UK, that made significant cuts despite never having been a high spender, albeit there are signs for an upturn (e.g. Social Justice 2000).

There was very little work about the welfare models in the eastern part of Europe before 1990. When the discourse of welfare regimes first emerged in the early 1990s, some authors characterised the former system as relatively close to a social democratic model. Deacon (1992) described it as a ‘state bureaucratic collectivist system’, while in Götting’s view it was ‘state-paternalistic’ (Götting 1998:84). My own approach in those early days was less clear-cut. I thought one had to acknowledge the lack of uniformity between the countries, and the mixed character of ‘state socialist’ social policy within each of them. Despite formal similarities “the liberal and emancipating dimensions of the Scandinavian model were entirely absent” from this model that formed “an anti-liberal, statist, hierarchical, socialist mix, with conservative elements thrown in” (Ferge 1992:207).

Ten years later the economic collapse and – hopefully – the ethnic wars of the region are by and large over. There is almost everywhere clear progress in terms of the original objectives, market and democracy. This does not necessarily mean uniformity between the countries. The economic differences are much larger than between the EU countries: the multiplier is 1 to 1,9 between the highest and lowest income EU members, Denmark and Spain. It is 1 to 3 between Slovenia and Bulgaria. (World Bank 1999: Table 1.1). The historical legacy of the last one or two centuries strongly shape the present. Also, the impact of the market and of democracy may promote convergence as well as divergence.

The rules of a fully-fledged market economy in line with the globalising processes entail more uniformity. The supranational monetarist agencies as well as new (home and foreign) market actors in the accession countries are steering them in a neoliberal direction. In the political field the EU acts as a force of homogenisation strongly urging the countries towards the safeguard of democratic institutions, of freedoms and rights. The enlargement process itself, the adoption of the *acquis* requires convergence.

However, democracy and the new freedoms allow also for more diversity in terms of the search of national identities, and of the political orientation of the elected governments. The political colour of the governments of each country has changed several times in the last ten years shifting back and forth on a scale covering old-type authoritarianism, social democratic or social liberal orientations, neoliberalism, “third way” approaches, authoritarian conservatism, and even extreme nationalism. These varied orientations may be present simultaneously in any given government (independently of party affiliations).

The changes in social policy bear the mark of all the above factors. The “unintended” impact of history and of the globalising market merge with the “intended” impact of the actors, the supranational agencies, the EU, the national governments, civil society. The geographic position may not be

irrelevant, either, at least the “Scandinavian model” seems to have some impact on the Baltic countries.

As a result the “regime types” are even more mixed or “faceless” (Lelkes 1999) than in the West. Also, they are more in flux. There was much more to change, and the new challenges were greater. The roots are weaker or may be deliberately severed as the governments want to prove that they are making a clear break with a shameful past. The interest groups – at least of the less privileged majority – are not well organised. Civil society in most countries is weak and badly informed so that there is little resistance even if the changes are unpopular.

Incidentally there are signs that the political weakness, passivity or apathy of the civil society may change. The elections in Serbia, the strikes of the health personnel in Poland and (on a smaller scale) in Hungary, the Czech popular upheaval against an authoritarian political decision and the curtailment of the freedom of the media may signal a turn for the better. There is also a darker side of civil society – the strengthening of right-wing extremism for instance in Romania, Hungary, and (according to the Accession Report 2000) even in the Czech Republic. All in all there is much unpredictability in the future of the social protection systems even if the commitments to “the market” and to “democracy” are taken for granted.

The EU integration may entail a rapprochement of the East and West welfare protection systems in terms of many formal criteria, and essentially of civil and human rights. Yet, the next section shows that the message on social policy is to say the least ambiguous. It may not promote the reduction of the welfare gap between the social protection systems of the East and the West of Europe.

3 The open and the “hidden” social policy agenda in the accession reports

Social policy and social protection are supposed to be matters for subsidiarity. They are henceforth largely absent from Community legislation, the *acquis communautaire* and thus from the accession negotiations. The social policy requirements of the Union may be checked by means of the Accession Reports from the Community for the ten applicant countries prepared yearly since 1998. I analysed in some detail the text of the Reports for 1999, and made a more superficial check for 2000. (Most statistics and quotes hereafter are based on the Reports for 1999. The 2000 Reports are only used to check the validity of some observation.) A Summary of the main observations is presented in Table 1⁵.

⁵ It shows whether a topic was mentioned explicitly in the Report (Y), whether it was altogether absent (0), or whether it was in some way hinted to (H). This is the simplest possible way of a “content analysis”. Its ambition is only to show that burning social issues that should have influenced social policy measures were often

Social policy does not have a major place in the four main chapters of the Reports (political criteria, economic criteria, ability to assume the obligations of membership, and Administrative capacity to apply the *acquis*). Social policy or its synonyms usually occur only in the sub-chapter “Employment and social affairs”, but only a few of its fields are covered. The only exception I found is Bulgaria with a major concern for social programs. This observation is valid also for the 2000 reports.

The most positive aspect of the Reports from a social policy perspective is the way *minority rights* are handled. Social rights as rights of minorities – gender equality, the rights of children, of disabled, of ethnic minorities other than the Roma (Turks in Bulgaria, Russians in the Baltic states) – are taken indeed very seriously. Other social rights such as the right to health or to a modicum of welfare are not legislated about on the Union level and do not figure in the Reports. Poverty as a general problem is mentioned only in case of two countries out of ten. It is noted for instance in case of Bulgaria that “Bulgaria is still confronted with widespread poverty and the situation in the health sector requires an injection of resources. In view of this there is an understandable focus on programmes which alleviate the problems of citizens”.

In countries with a Roma minority, though, the affliction of the Roma – unemployment, poverty, discrimination - is a cause for major concern, and the governments (Bulgaria, Czech Republic, Hungary, Romania, Slovakia) are forcefully reminded to the importance of improvements, particularly when human rights are blatantly violated. The segregation in schools is severally criticised. It is reported for Slovakia that

“The large Roma minority (1.6% of the population according to the last census, but from 4.8% to 10% of the population according to estimates) continued to suffer disproportionately high levels of poverty and unemployment, discrimination, violence at the hands of thugs (‘skinheads’) and lack of protection from the police.”

Similarly, social exclusion as a general issue is not referred to, but the threat for Roma is mentioned in three countries. For the Czech Republic it is noted:

“The situation of the Roma has not evolved markedly over the past year. It remains characterised by widespread discrimination, as anti-Roma prejudice remains high and protection from the police and the courts often inadequate, and by social exclusion.”

The emphasis on the ethnic issue is vital. However it may be counterproductive to replace the problem of poverty and exclusion in general with that of the Roma. There are many other forms of extreme poverty (the homeless for instance). Also the prejudice against Roma may be increased if they are the sole focus of concern.

left out (the first part of the Table), and that elements of a monetarist approach to social policy were often present.

The importance attributed to solidarity and social cohesion in the European model is momentous. These issues do not figure explicitly among the topics of the Reports except the reminder to some vulnerable groups. Yet a major part of the argument for maintaining and strengthening factors enhancing social cohesion in the member countries of the Union is its importance in helping societies to adjust to change. The case could hardly be stronger in the countries considered in these reports. Even if recommendations may not be justified in the Reports, the accession countries could have been reminded somewhere in the text the need to ensure that social cohesion is not threatened, or that the past, present and future costs of the transition are not shifted in a one-sided way to the weakest groups threatening them with permanent exclusion.

In a similar vein income (and other) inequalities are escalating in most accession countries. Income inequalities had risen in a number of Union member countries, too, but the scale of change is much less momentous than in the transition countries (Table 2). Escalating inequalities are affecting the quality of societies, yet the issue is missing from the reports.

“Social Quality” is a relatively new concern in the Union⁶. It is a broad concept. In the foreword to a recent book on the subject Romano Prodi writes for instance:

Quality conveys the sense of excellence that characterizes the European social model. The great merit of this book *Social Quality: a Vision for Europe* is that it places social issues at the very core of the concept of quality. It promotes an approach that goes beyond production, economic growth, employment and social protection and gives self-fulfilment for individual citizens a major role to play in the formation of collective identities (Beck and al 2000)⁷.

Even if we consider social quality a luxury for happier and richer countries (which may be debated), sum of its elements cannot be considered luxuries. The concept encompasses at a minimum level physical life chances, within that the number of years one is given to live. The Commission is obviously aware of this. In case of Turkey the Report remarks that “On major health indicators, such as infant mortality, maternal mortality and life expectancy, Turkey continues to fare significantly worse than EU Member States.” As Table 3 shows life expectancy and infant mortality are in most accession countries (with the exception of the Czech Republic and Slovenia) far below the OECD level. Yet the issue is not mentioned in the text of the Reports.

The democratisation of social policy – particularly civil participation and civil control – should have been one of the first priorities after the transition. Social dialogue as a bipartite or tri-partite issue is part of the *acquis* and is assigned due importance in the Reports. The majority of the countries are criticised for the weakness of the institutions of social dialogue. It was for

⁶ The European Foundation on Social Quality in Amsterdam produced already two books on Social Quality, and publishes a Journal with the same title.

⁷ Social Quality: a Vision for Europe, Kluwer Law International, the Hague/Boston, November 2000

instance remarked for Hungary in 1999 that there is need for “further development of active, autonomous social dialogue”. The tone was (rightfully) sterner in 2000:

“(T)he Government should make additional efforts to ensure that real dialogue is taking place and is followed up in the appropriate manner. In particular, the Economic Council is merely used by government to transmit information to a wide range of representatives of society, including the social partners, with no opportunity for dialogue.”

However, the participation of civil society is mentioned only in case of two countries and not as a substantive issue, albeit the Phare program could allocate money to this purpose. Thus the absence of the issue may be due to the choices of the national governments about the Phare objectives, and their reluctance to further democratisation.

Social policy institutions and processes are paid attention to by the Reports mainly if they are likely to affect the budget, or the economy more broadly. The rate of unemployment is always a cause for concern, active and “passive” measures are encouraged, albeit there is no recommendation to attempt to approach full employment. The main concerns with social protection are financial stability, the (too high) level of public expenditures, and the (slow deregulation of prices. The main instruments to assure economic growth and financial stability are budget stringency and the privatisation of assets or services, including former public services. In the reports for 2000 the privatisation of land seems to acquire increasing importance. The pressure for budget stringency is direct in almost all the cases.

In the case of the majority of the countries under review (nine out of ten) the privatisation of pensions is approved of if already legislated about, or encouraged more or less directly if not⁸. More exactly, in quite a few cases there are only hints. Thus in case of Slovenia the Report remarks that “The lengthy legislative procedure and difficulties within the coalition are sources of delay in the adoption of reforms and often result in a softening down of important reforms, such as the pension reform.”. The direct or indirect pressure for privatising pensions seems to prevail albeit experiences are not reassuring for instance in Poland. This is remarked upon in the Report for 2000: “The (non-bank financial) sector has been boosted by the reform of the pension system, even though the issue of transferring from the first to the second pillar is unresolved.”

The privatisation of health is approved of in three countries, and four other countries are given clear hints to move in this direction. The privatisation of the health services seems to offer a panacea even to Romania with her poverty and distressing health indicators.

“Romania still has to design and implement structural reforms crucial for controlling public expenditures in the medium term, including the overhaul of the health and social security systems and the reform of the tax structure.

⁸ In the reports for 2000 the privatisation of pensions gets somewhat less emphasis.

In these areas, progress has been mixed. Important steps were taken in the area of health system reform, with a view to increasing privatisation and decentralisation. ... However, in the area of pension reform, the government has not been able yet to move beyond the definition phase of a new, multi-pillar system to replace the current pay-as-you-go scheme.”

It should be remarked that in the “most advanced” countries a two-tier health system is already emerging as a consequence of the reforms.

The privatisation in other fields connected to social protection is recommended in nine countries out of ten. There are variations by country. Privatisation of schools or training courses is offered in some countries as the way to improve the quality of education. The target may be public transport, housing, or other public services for instance education. The privatisation of the energy sector (and of natural resources in general) is considered a matter of course. For instance it is mentioned that “The privatisation process in Latvia is close to completion. ...Much work still remains on land and apartment privatisation.”

Another issue that is consistently approved of if done, or urged if not yet completed is the abolition of price subsidies. This is a socially loaded issue, though. No doubt, at the beginning of the transition the radical reduction of price subsidies was a legitimate and important element of marketisation because of the former fully distorted price system. However the cut of some subsidies *without compensation* or without instruments to handle some of the harmful consequences was one of the factors causing lasting impoverishment. It entailed among other things the accumulation of housing debts that may ultimately lead to the loss of the home. In 1999 most subsidies have been already withdrawn in all the accession countries. If there are still subsidies they help access to some basic necessities like rents or pharmaceuticals. The Reports urge further cuts without mentioning any of the ensuing problems or the need for some remedies against the worst outcomes.

Thus, instead of handling social policy as a subsidiary issue there is *a not very hidden agenda* in the Reports that pays little attention to some essential features of the European model. There are two recurrent topics advising the reconstruction of the present systems of social protection, or the construction of new ones. Most of the Reports make suggestions aiming at the reduction of the *level* of social protection on grounds of the imperative of budget consolidation or increasing competitiveness. The majority of the Reports hint to the necessity of changing the *structure* of social protection through privatisation or marketisation. Also, the Reports advocate identical recipes almost independently of the conditions of the country. (Out of the accession countries only Bulgaria seems to be in some respects an exception to the rule in both 1999 and 2000.)

4. Whose agenda?

The suggestions made by the Commission for social reforms in the accession countries has many elements close to what is usually termed the neo-liberal agenda based on the “Washington consensus”⁹, the agenda that used to be represented by the supranational monetarist agencies. It is not clear for the present author whether this hidden agenda is known to, and approved of by, all the actors of the Union, or whether “left hands” and “right hands” operate independently.

The “hidden agenda” is certainly supported by the monetarist supranational agencies. Many of its elements – the abolition of price subsidies without compensation, the privatisation of former public goods and services – constituted loan conditionalities of the World Bank loans in the early nineties. The World Bank, and in a less visible way the IMF have played a major role since the days of transition in shaping not only the economy, but also the social policy of Central-Eastern Europe. At that time the Washington consensus was not yet called into question. There was a deep faith in the ability of a deregulated market to put things right, and a belief that all countries had to follow the same reform path. The main elements relevant for social policy were the strengthening of individual responsibility and the weakening of public responsibility in social matters; the promotion of privatisation and marketisation in all spheres; the emphasis on targeted assistance to the truly needy, the scaling down of social insurance to assure “work incentives”, and the abolition of universal benefits.

The influence of the Bank is particularly clear in case of pensions. The mandatory private saving schemes (the “second pillars” in the three-pillar pension model originally devised by the World Bank, World Bank 1994) have been “imported” to CEE by the Bank. This fact albeit well documented (e.g. Müller 1999) is often ignored. Currently the Bank is very satisfied by the successful privatisation of pensions. Michal Rutkowski, a high-level official of the Bank thinks that

“Social security reform is a different issue for accession countries. Potential benefits from reforms are higher, while costs are lower (than in the EU member states). Not surprisingly accession countries embraced multipillar reforms as well as more radical approaches within PAYG pillars, more readily than the EU members. Accession countries should be assisted in this endeavour within EU with ...the recognition that pension reforms may legitimately cause transition costs appearing as higher budget deficits and higher explicit debts” (Rutkowski 2000).

This implies that the Maastricht deficit criteria should be changed because of pension privatisation.

In the last years the World Bank has often been self-critical. It proclaimed the “post-Washington” consensus. It put for instance the fight against poverty

⁹ “The *Washington Consensus* on economic policy was founded in the 1980s by US economic officials, the IMF, and the WB. It emphasized liberalized trade, macro-economic stability, and getting prices right. Once the government got out of the way, private markets would produce growth.” Stiglitz:1998

firmly on its agenda (World Bank 2000). It is an open question to what extent the *volte-face* in the discourse of the Bank will influence its practice. In the new documents of the Bank the desirable post-Washington changes in the social policy agenda and in the perception of its own role in the enlargement of the Union are not very visible. In a relatively recent paper on the accession process authored by a collaborator of the Bank (Polackova 1998) the opportunities and the costs of the accession are described. The opportunities mentioned are the following:

- (Accession) will facilitate foreign investment, international capital flows and know-how, vital for rapid growth.
- It will make these economies much more open to trade and provide them access to a large single market, with the benefits that ensue.
- It enables political leaders to build consensus around the reforms needed for accessions.

The three opportunities presented are mainly economic. Even the political element is seen as important only inasmuch as it may support the (economic) reforms. No social advantages or opportunities are mentioned. The costs mentioned by the World Bank document relate mainly to the difficulties caused by complicated or new rules. Inasmuch as social policy is touched upon, the Bank sees its own role as helper in the privatisation of pensions, and foresees continued efforts in this field.

Conclusion

The conclusions one may draw from the analysis of the accession reports is only partly encouraging. The Union represents a genuine safeguard for the rule of law, democratic institutions and human rights. Its social policy program is less encouraging. The implicit model for Central Eastern Europe which in many cases is dutifully applied (Phare 1999) is different from the "European model" as we knew it, and close in many respects to the original World Bank agenda. As a matter of fact high officials of the Bank do present the developments in Central-Eastern Europe as a social policy model to be followed by the current members of the Union.¹⁰

The weakening of the European model in the member countries may antagonise their citizens who may then use the accession countries as scapegoats. If the EU members will not follow the monetarist recipe the gap will grow between East and West. The accession countries may decrease the level of their public commitments, and they may create new institutions such as two-tier, disintegrative systems of health or education, or destroy institutions which might ultimately become conditions of admittance. The dilemma of the

¹⁰ The opening speech at the Brussels conference of J. Linn (Vice President Europe and Central Asia Region of the World Bank).

development path in social matters “here” and “there” would merit more attention.

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Tables

Table 1

*Condensed results of multiple searches on issues handled
in the National Reports from the European Commission for 1999*

	BG	CZ	EE	HU	LV	LIT	PL	RO	SK	SV
SOCIAL CONCERNS MENTIONED										
Social policy or social protection as an autonomous field of interest	0	0	0	0	0	0	0	0	0	0
Poverty, Roma	Y	0	0	Y	0	0	0	Y	Y	0
Poverty, General	Y	0	0	0	0	0	0	Y	0	0
Social exclusion, Roma	Y	Y	0	Y	0	0	0	0	0	0
Social exclusion, General	0	0	0	0	0	0	0	0	0	0
Social quality	0	0	0	0	0	0	0	0	0	0
Life expectancy, High mortality	0	0	0	0	0	0	0	0	0	0
Income inequality	0	0	0	0	0	0	0	0	0	0
Civil participation, NGO sector	0	0	Y	0	0	0	0	0	Y	0
Unemployment as a concern	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Full employment as a goal	0	0	0	0	0	0	0	0	0	0
THE LIBERAL AGENDA MENTIONED WITH APPROVAL, OR CRITICISM BECAUSE OF SLOW IMPLEMENTATION OF THE LIBERAL AGENDA										
Privatisation of pension	H	0	H	Y	Y	H	Y	Y	Y	Y
Privatisation of health	H	H	H	H	0	0	Y	Y	Y	0
Privatisation of other public assets, services (energy, housing, transport,)	Y	Y	0	Y	Y	Y	Y	Y	Y	Y
Price subsidy approved of, or recommendation to abolished (no compensation mentioned);	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Budget cuts approved or urged	Y	0	Y	Y	Y	Y	Y	Y	Y	Y

0= Not mentioned

Y= Mentioned

H= Hinted to

Table 2

Income inequality in 13 OECD countries and Hungary in the mid-1980s and mid-1990s, portrayed by the Gini coefficient ranked according to the mid-1995 data

	Mid-1980s	Mid-1990s	Change + or -, %
Italy	30.6	34,5	++
United States	34,0	34,4	0
Hungary	24,0	34,3	+++
Australia	31,2	30.6	0
France	29.6	29.1	0
Canada	28.9	28.4	0
Germany	26.5	28.2	+
Belgium	25.9	27.2	+
Japan	25.2	26.5	+
Norway	23.4	25.6	++
Netherlands	23.4	25.3	++
Finland	21.2	23.1	++
Sweden	21.6	23,0	++
Denmark	22.9	21.5	-

The value of the symbols:

+++ = significant increase, more than 15% ; ++ = 7-15% increase; + = 2-7 % increase;
0= change between -2 and +2 % ; - = 2-7 % decrease; -- = 7-15% decrease

Source: OECD: Burniaux,Dang, Fore, Förster, Mira d'Ercole and Oxley (1988) *Income Distribution and Poverty in Selected OECD Countries*. Economic Department Working Paper, no. 189, OECD March 1998, :9; Hungary: 1987: Éltető Ö.-Havasi É.(1999) *Income Inequality and Poverty in Hungary*. *Hungarian Statistical Review*, Special Number 1999, vol 77.: 49-70. 1998: Szívós, P. and Tóth István G., ed. (1999) *Monitor 1999*. TÁRKI Monitor Jelentések. Budapest: TÁRKI.

Table 3

Life expectancy data in the accession countries and in high income countries

Country/Region	Under-5 mortality rates, 1998	Life expectancy at birth, Years, 1998	
		Males	Females
High Income countries*	6	75	81
Bulgaria	15	67	75
Czech Rep.	6	71	78
Estonia	12	64	75
Hungary	12	66	75
Latvia	19	64	76
Lithuania	12	67	77
Poland	11	69	67
Romania	25	66	73
Slovak Republic	10	69	77
Slovenia	7	71	79
(Turkey)	(42)	(67)	(72)

Source: (The) World Bank, 2000, *World Development Report 2000/2001, Attacking Poverty*. New York: Oxford University Press Chapter 12, Selected World Development Indicators.

*Over USD 9266. All of the member countries of the European Union belong here.