

# **Welfare regimes in Central and Eastern Europe**

## **Incorporating post-communist countries in a welfare regime typology**

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#### **Introduction**

Ever since its appearance in 1990, Esping-Andersen's typology of welfare regimes (Esping-Andersen 1990) has been the subject of both extensive praise and extensive criticisms. For instance, in his critical assessment of 'the welfare modelling business', Abrahamson cites Peter Baldwin (1996: 29), who states that "typologizing (...) is the lowest form of intellectual endeavour", parallel to the works of bean-counters and bookkeepers (Abrahamson 1999; Baldwin 1996). Moreover, in addition to the critics on the scholarly activity of creating typologies as such, also a wide variety of competing typologies, refinements and additions of Esping-Andersen's types have been proposed. Finally, attempts have been made to extend the application of the typology beyond its original, European roots.

This article examines to what extent the post-communist countries of Central and Eastern Europe fit in Esping-Andersen's typology. In 1993, Deacon suggested to "probably temporary" classify most of these countries as an additional type, the 'post-communist conservative corporatist' welfare regimes. According to him, this expression then captured "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). In 1996, Esping-Andersen rejected the idea of a 'new' welfare model in Central and Eastern Europe, suggesting that the differences between these countries and the three welfare types were only of a transitional nature (Esping-Andersen 1996). However, if both Deacon and Esping-Andersen were correct in their assessment of the transitional phase of the post-communist welfare states in the 1990s, a shift towards any of the main types is plausible after 15 years of transition in 2005. On the other hand, if such a shift remains unobservable, this might lead to abandonment of the idea of a transitional stage. In that case, it is likely that fifty years of communist rule have created institutional legacies that lead these states to following a path that deviates markedly from existing welfare states.

By using hierarchical cluster analysis, this article empirically assesses if the post-communist welfare states of Central and Eastern Europe can be attributed to one of well-known welfare types, or if they still form a distinct group of their own. The relevance of this exercise goes beyond the mere classifying that Baldwin (1996) so despises. The empirical assessment of the post-communist country's development is a helpful tool in the explanation of welfare state development, especially considering the relation between institutional path-

dependency theories on the one hand and theories of policy diffusion on the other hand. From a path-dependency perspective, we might expect the communist legacies to be strong enough to impose a distinct path of development on at least some of the post-communist countries (Pierson 2004). On the contrary, from a policy diffusion perspective we would expect the transfer of ideas, knowledge and other resources to guide these countries developments in the direction of one of the well-known welfare regimes. This development is likely to be reinforced by the work of international donor organizations like the IMF and the Worldbank and, even more prominent, the (prospective) membership of the European Union of some of the countries of the Central and Eastern European region. The Europeanization of social policies that is now getting shape with the open method of coordination, stresses even more the importance of processes of mutual learning, thereby increasing the probability of development towards one of Esping-Andersen's welfare regimes.

This article starts with a short and general introduction of Esping-Andersen's typology of welfare regimes, its critics and its proposed modifications. Next, other attempts to classify the post-communist welfare states of Central and Eastern Europe are discussed. The empirical core of this article builds upon Saint-Arnaud and Bernard's empirical validation of the welfare typology (Saint-Arnaud and Bernard 2003). By replicating their method of hierarchical cluster analysis but replacing some of their data with data that are available for other countries than the traditional OECD countries, I will show that the post-communist welfare states differ significantly from the types that are distinguished by Esping-Andersen. By outlining the distinct features of the post-communist type and assessing the recent developments on its key characteristics, it is possible to conclude if this post-communist type is a stable or a temporal type. The final section of this article reflects on the lessons that can be drawn from this approach for the explanation of welfare state development.

### **Classifying welfare states: The Esping-Andersen typology and its critics**

Without doubt, Esping-Andersen's 'The Three Worlds of Welfare Capitalism' has been one of the most influential books in late-twentieth and early-twenty-first century welfare state research. Although Esping-Andersen certainly was not the first to develop a typology of welfare states (Abrahamson 1999), his tripolar typology has served as a focussing point for both further development and intense criticism. Even the fiercest critics of the welfare typology approach cannot ignore his seminal work (Kasza 2002). This section starts by briefly introducing Esping-Andersen's three types of welfare regimes. Next it deals with the modifications and additions that have been proposed. Finally it deals with the more

fundamental critics that reject the attempts to classify welfare regimes. This section relies upon the elaborate overviews of Abrahamson (1999) and Arts and Gelissen (2002).

The central argument of Esping-Andersen is that welfare states cluster around three distinct welfare regimes. The concept of welfare state regimes denotes:

... the institutional arrangements, rules and understandings that guide and shape concurrent social policy decisions, expenditure developments, problem definitions, and even the respond-and-demand structure of citizens and welfare consumers. The existence of policy regimes reflects the circumstance that short term policies, reforms, debates, and decision-making take place within frameworks of historical institutionalization that differ qualitatively between countries (Esping-Andersen 1990).

Esping-Andersen distinguishes the three regimes by the degree of decommodification and the kind of stratification they produce in society. Decommodification “occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market” (Esping-Andersen, 1990: 21-22). Stratification refers to the intensity of redistribution and the level of universality of solidarity that is imposed by the welfare state. Based upon these two dimensions, Esping-Andersen distinguished between liberal, conservative-corporatist and social-democratic welfare states. Liberal welfare states are characterized by means-tested assistance, modest universal transfers, or modest social insurance plans. Benefits cater mainly to a clientele of low-income, usually working-class, state dependants. There is little redistribution of incomes in this type. The conservative-corporatist type is characterised by a moderate level of decommodification. The direct influence of the state is restricted to the provision of income maintenance benefits related to occupational status. Labour market participation by married woman traditionally is discouraged, and the principle of subsidiarity implies that the state will only interfere when the family’s capacity to service its members is exhausted. In the social-democratic type, the level of decommodification is high. The generous universal and highly redistributive benefits do not depend on any individual contributions (Arts and Gelissen 2002; Esping-Andersen 1990).

The publication of ‘The Three Worlds of Welfare Capitalism’ triggered a wide variety of reactions. Some of them proposed alternative typologies with different labels, based on different dimensions. Others suggested the addition of welfare types like a ‘Southern’ or ‘Mediterranean’ type (Bonoli 1997; Ferrera 1996), an ‘East Asian’ or ‘Confucian’ type (Jones

1993; Kwon 1997), and a 'radical' or 'Antipodean' type to distinguish Australia and New Zealand from other liberal regimes (Castles 1998; Castles and Mitchell 1991). And finally there were authors who radically rejected the idea of a general welfare typology (Kasza 2002). In the remainder of this section I will briefly deal with each of these three categories of reactions.

Although there is a wide variety of different labels under which welfare states might be classified – each based upon different indicators - it is surprising how persistent the clustering of countries is. For instance, Leibfried identifies four social policy or poverty regimes, based on different policy models: modern, institutional, residual and rudimentary. He distinguishes between the Scandinavian welfare states, the 'Bismarck' countries, the Anglo-Saxon countries and the Latin Rim countries (Arts and Gelissen 2002; Leibfried 1992). However, with the exclusion of the countries that he classifies in the Latin Rim type, the classification of the other types converge completely with Esping-Andersen's typology (Arts and Gelissen 2002). According to Leibfried the distinct features of the Latin Rim countries (Spain, Portugal, Italy, Greece and France) are the lack of an articulated social minimum and a right to welfare. Based on four other dimensions of social security systems – the rules of access, the conditions under which benefits are granted, the regulations to finance social protection and the organization and management of social security administration – Ferrera (1996) comes to virtually the same classification, including the fourth, Southern-European type.

Bonoli (1997) is critical of Esping-Andersen's decommodification approach. As an alternative, he bases his classification on the extensiveness of the welfare state (indicated by social expenditures as a proportion of GDP) and the way the welfare state is financed (indicated by the percentage of social expenditures financed through contributions). Focusing on European countries only, he labels the resulting types the British, Continental European, Nordic and Southern countries. Again, the first three types more or less confirm Esping-Andersen's typology, the differences between this typology and Esping-Andersen's original classification stem from the addition of the Southern type (Arts and Gelissen 2002; Bonoli 1997).

Castles and Mitchell (1993) point out that specifically Australia does not fit well with any of Esping-Andersen's types. Based on the level of welfare expenditure, average benefit equality, and income and profit taxes as a percentage of GDP, they propose an alternative, four-way classification of welfare states: Liberal, Conservative, Non-Right Hegemony and Radical. Again, with the exception of the Radical category that encompasses Australia, New Zealand and the UK, this classification very much resembles Esping-Andersen's original

typology (Arts and Gelissen 2002; Castles and Mitchell 1991). The same holds true for Korpi and Palme's classification, which is based on the institutional characteristics of welfare states. They distinguish between targeted, voluntarily state subsidized, corporatist, basic security and encompassing models of welfare states. This distinction is based on the bases of entitlements, the principles applied to determine benefit levels, and the governance of social insurance programmes (Arts and Gelissen 2002; Korpi and Palme 1998). They do not find the voluntarily state subsidized model in their selection of 18 countries, the classification of countries in the other models basically once again follows Esping-Andersen's classification with the exception of Australia, which is the only country in the class of 'targeted' welfare states.

Some authors argue that Esping-Andersen does not sufficiently take into account the gender inequality dimension in his attempts to classify welfare states. For instance Siaroff therefore proposes a more gender-sensitive typology that is based on the work and welfare choices of men and women across countries. He distinguishes between a Protestant social-democratic, a Protestant liberal, an Advanced Christen-democratic and a Late female mobilization type of welfare regimes. The first three types show a strong overlap with the original typology, the latter category resembles the group of countries that other authors labelled the 'Southern' or 'Mediterranean' type (Arts and Gelissen 2002; Siaroff 1994).

Several authors have tried to apply the welfare regime typology to transitional or development countries, specifically in East Asia and Eastern Europe. Considering the importance of the attempts to classify the welfare states of Eastern Europe for this article, I will deal with this issue extensively in the next section. Here I will briefly discuss the characteristics of the East-Asian countries. According to Jones (1993: 214), it is clear that the East-Asian welfare states do not fit in any of Esping-Andersen's categories, although the conservative type comes closest: "They are not liberal: there is far too much social direction and too little sense of individual rights (...). Manifestly they are not social democratic either. Nor, given the absence of sufficient status-preserving statutory social benefits to accommodate the aspirations of the employed 'middle classes' for instance, are they to be accounted conservative corporatist; though this category comes closest to the mark". Both Kwon (1997) and Jones (1993) plea for the distinction of a separate, East Asian or Confucian welfare system (Gough 2000). This type is characterized by "Conservative corporatism without (Western-style) worker participation; subsidiarity without the Church; solidarity without equality; laissez-faire without libertarianism: an alternative expression for all this might be

'household economy' welfare states – run in the style of a would-be traditional, Confucian, extended family” (Jones 1993).

In addition to the modifications and complementary welfare types that have been discussed in the previous paragraphs, there are also authors that are critical of the attempt to identify welfare regimes itself. Kasza (2002) is one of the most outspoken critics. He argues that most countries “practice a disjointed set of welfare policies due to the following typical features of welfare policy making: (1) the cumulative nature of welfare policies, (2) the diverse histories of policies in different welfare fields, (3) the involvement of different sets of policy actors, (4) variations in the policymaking process, and (5) the influence of foreign models” (Kasza 2002). First, Kasza argues that each regime consists of a variety of welfare programmes: housing, health, pensions, unemployment benefits and so on. Today's welfare policies are the cumulative work of different governments and different forms of governance, and they represent responses to a variety of historical circumstances. As a result, few policies are likely to reflect any one set of practical concerns or ideologies (Kasza, 2002: 273). Next, because these policies have different histories, “the likelihood that they will somehow form a coherent ‘regime’ is low from the start and becomes increasingly less probable as a country's policies multiply and age” (Kasza, 2002: 277). Thirdly, policy processes in the welfare area are not necessarily linked to each other. The policy arena in the health area consists of a totally different group of public, non-profit and private actors than for instance in the employment policies domain. Policies formed by diverse bodies of officials and subject to the demands of different pressure groups are likely to show different institutional characteristics and policy outcomes. Fourth, different policy domains might have different policy-making characteristics. This depends of the culture in the bureaucracies and policy arenas that deal with the field, but it also follows from different formal procedures, like the consultation of advisory boards. Finally, the diffusion and transfer of policy ideas from other countries might blur the pureness of the welfare regimes, making it unlikely that distinct, coherent regimes will emerge (Kasza, 2002: 277-280).

Esping-Andersen's typology is a classification based upon three ideal-typical welfare states. Some countries do resemble these ideal types pretty well. The United States serve as a typical example of the liberal welfare states. This is confirmed in almost all alternative classifications, except in those that only focus on the European welfare states. Germany can be regarded as the country that most clearly resembles the conservative welfare states, and Norway and Sweden serve as basic examples for the social-democratic type. Of course, there are also countries that show mixed characteristics or only partially resemble one of the

categories. The Netherlands, Switzerland and Denmark are examples of countries that are classified in different categories by different authors, depending on the characteristics that are highlighted in the typology (Arts and Gelissen 2002). Within the conservative model, Spain, Portugal and Greece share so many characteristics that this justifies classifying them in a separate cluster. However, given the overlap of many of the characteristics of these countries with the conservative type, this remains disputable. The empirical analysis that follows later in this article merely places these countries as a distinct subtype within the conservative type. This same line of argument holds true for New Zealand and Australia. Kasza's fundamental critic to the endeavour of classifying welfare states is convincing on some aspects. However, once we accept that Esping-Andersen's types are merely ideal-types than real-world types, the critics lose their fundamental character. Instead, Kasza powerfully explains the origins of a country's deviations of the ideal-typical models.

The countries of East Asia form a challenge to Esping-Andersen's original typology. They have clearly different characteristics and a distinct path of development. Although Esping-Andersen argues that these welfare states are still developing towards any of the main types, the evidence that they are fundamentally and enduringly different seems pretty strong. An attempt to apply the typology beyond the traditional European countries should take the unique features of the East Asian welfare states into account.

The remainder of this article focuses on the classification and development of the welfare states of post-communist Central and Eastern Europe. The following section provides an overview of other attempts to classify these countries in the Esping-Andersen typology.

### **Attempts to classify the post-communist countries**

The concept of Central and Eastern European (CEE) countries wrongfully suggests a basic similarity in institutional characteristics and paths of development in these countries. In reality, the region encompasses a wide variety of countries that range from the affluent enclave of Slovenia to the impoverished, military state of Belarus, and from the new EU member states whose developments and institutional framework have been heavily influenced by the negotiations with the European Commission, to countries like Moldova and Ukraine that until recently stood under influence of the Russian federation. Any attempt to classify the welfare states of Central and Eastern Europe should take this variety into account (Standing 1996).

If we are to take historical institutionalism and particularly path-dependency theories seriously, it is inevitable that current welfare regimes in Central and Eastern European



countries carry the marks of fifty years of communism. Therefore I start this section with a brief outline of the characteristics of communist social policies. Next, I turn to the issue of the classification of the social policies in these countries.

According to Deacon, communist social policies were characterized by “heavily subsidised foods and rents, full employment, the relatively high wages of workers, and the provision of free or cheap health, education and cultural services”(Deacon 1993; Deacon 2000). Similarly, Fajth argues that social security in Eastern European countries had three big ‘pillars’: old age pensions; health-related transfers and family benefits. These were supported by two other big systems: employee benefits and consumer subsidies (Fajth 1999).

The early years of transformation in most Central and Eastern European countries brought economic crises unlike anything experienced under socialism. Inflation, unemployment and poverty created an urgent need for forms of social protection (Fultz, 2002: 1). The new governments’ legitimacy to a large extent depended on its ability to provide adequate social policies in answer to these problems. The necessity to deal with the consequences of unemployment explains the introduction of relatively elaborate unemployment, disability, sickness and early retirement schemes in the CEE countries. As the economies of the Central and Eastern European countries stabilized in the second half of the 1990s, virtually all governments set about the task of restructuring social policies. The earlier emergency measures needed to be restructured because of rising costs, and because of the necessity to adapt some features of the pre-transition scheme to the new needs of people in market economies (Fultz 2002).

A few years after the transition, Deacon (1993: 193) suggested that a divergence would be the most likely outcome of the transition process of East-European welfare states. He predicted that “in a few years time we will be able to look back and characterize the social policy of these countries in terms that reflect Esping-Andersen’s threefold typology, together with a new term that will have to be coined to describe the unique post-communist conservative corporatism of parts of the one-time USSR, Romania, Bulgaria and parts of one-time Yugoslavia” (Deacon 1993). More recently, Ferge stated that though there are formal similarities between the Bismarckian welfare system and the Eastern European welfare system, the essence of what is called the “European model” is almost totally absent in the latter because most CEE-governments have to acquire the goodwill of foreign capital and supranational agencies to manage their financial problems (Deacon 2000; Ferge 2001). However, Sengoku (2004) argues that supranational agencies like the IMF and the World

Bank in CEE countries is restricted only to the countries with a high level of foreign debt (Sengoku 2004).

In contrast, Rys (2001) rejects the idea of a distinctive post-communist welfare type by pointing out the high level of variety between these countries. He states that “some common trends are noted in healthcare but this does not seem to add up to a special model” (Rys 2001). However, we should take in mind that the actual and prospective EU-membership of some of these countries might have an impact on welfare state development in these countries. Even though social policy is no subject of direct European policy, and there is no consensus on what European social policy should look like, it might lead these countries to move in a more ‘European’ direction. This might result in convergence both between the Central and Eastern European countries, and between these countries and the other European welfare states. From this brief assessment, we learn that the opinions differ on the matter of whether or not the CEE-countries form a distinctive welfare type. In the next section, I will show that there are indeed good reasons to consider the post-communist countries as a unique type of welfare states.

### **Clustering welfare states**

Esping-Andersen’s typology of welfare states and the responses of his supporters and critics are primarily based on the qualitative study of the main public policies governing social security. This typology has proven to be robust when primarily quantitative data have been used as well (Saint-Arnaud and Bernard 2003). However, most of these quantitative verifications have been based upon data that are exclusively available for OECD countries. In this article, I will replicate Saint-Arnaud and Bernard’s hierarchical cluster analysis approach, but use data that are available for a broader set of countries than exclusively the OECD countries. In this section, I will first deal with the choice of the variables that are used in this analysis. Next, I will apply hierarchical cluster analysis to analyse the position of the Central and Eastern European countries in the Esping-Andersen typology and its proposed modifications. Finally, I will highlight the distinctive features of the welfare types that have been identified in the cluster analysis.

To analyse the position of Central and Eastern European Countries in Esping-Andersen’s typology, “(...) hierarchical cluster analysis is the most appropriate method because it allows grouping countries that have similar characteristics across a set of variables, thus leading to homogenous empirical types. It is called hierarchical because it divides a set of cases (the countries) into ever more numerous and specific subsets, according to the distance measured

among all pairs of cases, taking into account their position across the whole set of variables under analysis” (Saint-Arnaud and Bernard 2003).

The selection of variables is a crucial step in the performance of the cluster analysis. Saint-Arnaud and Bernard (2003) selected variables that represent three causally interrelated components of welfare regimes: social situations, public policies and political participation. Their analysis showed four different welfare regimes: a Latin regime including Spain, Italy, Greece and Portugal; a conservative regime including – amongst others – Austria Germany and France; a Social-Democratic Regime with Finland, Sweden, Denmark and Norway, and a Liberal regime which includes the UK, Australia, New Zealand and the US. The number of clusters in any hierarchical cluster analysis potentially lies between one and the number of cases. This implies that the decision to distinguish a group of countries that show similar characteristics is not only based on statistical techniques, but also on theoretical grounds. The cluster analysis only shows that a group of countries resemble each other and differs from other groups of countries that resemble each other. From Saint-Arnaud and Bernard’s analysis it appears that the group of Latin countries share similar characteristics and can be distinguished from the conservative countries, although the differences between these two groups are significantly smaller than between these two groups and the social democratic and liberal regimes. So the decision to treat the Latin countries as a separate cluster rather than as a subtype of the conservative regime is a theoretical decision which can be legitimated by the observed statistical similarities and dissimilarities.

The analysis in this article started with the construction of a selection of 47 countries, which included 18 well-known western countries and 29 Central and Eastern European and Central Asian countries. A set of variables has been selected that more or less resembles the data that Saint-Arnaud and Bernard have used. However, not all of their data are available for all countries, so some variables have been omitted and others have been replaced. As SPSS does not include countries for which the data on one or more variables are missing in the hierarchical cluster analysis, the challenge was to find the right balance between a meaningful set of variables and the inclusion of a significant number of CEE countries in the analysis. This resulted in a dataset consisting of 19 variables that more or less replicated Saint-Arnaud and Bernard’s original results for 15 western countries, and that enabled us to incorporate 15 Central and Eastern European countries in the analysis. These data refer both to the social situations and the government programmes in a country. For political participation, the ‘level of trust’ is the only variable that is available for a wide set of countries. Table 1 gives an overview of the variables that have been used in this analysis.

**Table 1**      **Variables in the analysis**

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*Characteristics of governmental programmes*

- Total government expenditures (average 1998-2003; % of GDP)<sup>a</sup>
- General health expenditures (average 1998-2003; % of GDP)<sup>a</sup>
- Government health expenditures (average 1998-2003; % of total government expenditures)<sup>a</sup>
- Public spending on education (average 1998-2003; % of GDP)<sup>a</sup>
- Number of physicians per 1000 persons (average 1998-2003)<sup>a</sup>
- Spending on social protection (% of GDP, 2002 or latest available year)<sup>b</sup>
- Revenues from social contributions (% of GDP; 2002 or latest available year)<sup>b</sup>
- Income and corporate taxes (% of GDP; 2002 or latest available year)<sup>b</sup>
- Individual taxes (% of total government revenues; 2002 or latest available year)<sup>b</sup>
- Payments to government employees (% of GDP; 2002 or latest available year)<sup>b</sup>

*Social situation variables*

- Inequality (GINI-coefficient; 2002 or latest available year)<sup>a</sup>
- Female participation (% of women in total workforce; average 1998-2003)<sup>a</sup>
- GDP Growth (average 1998-2003)<sup>a</sup>
- Total fertility rate (births per woman; average 1998-2003)<sup>a</sup>
- Inflation (average 1998-2003)<sup>a</sup>
- Life expectancy (average 1998-2003)<sup>a</sup>
- Infant mortality (< 5 years, per 1000 births, average 1998-2003)<sup>a</sup>
- Unemployment (average 1998-2003)<sup>a</sup>

*Political participation variables*

- Level of trust (2000)<sup>c</sup>
- 

a) Source: World Development Indicators

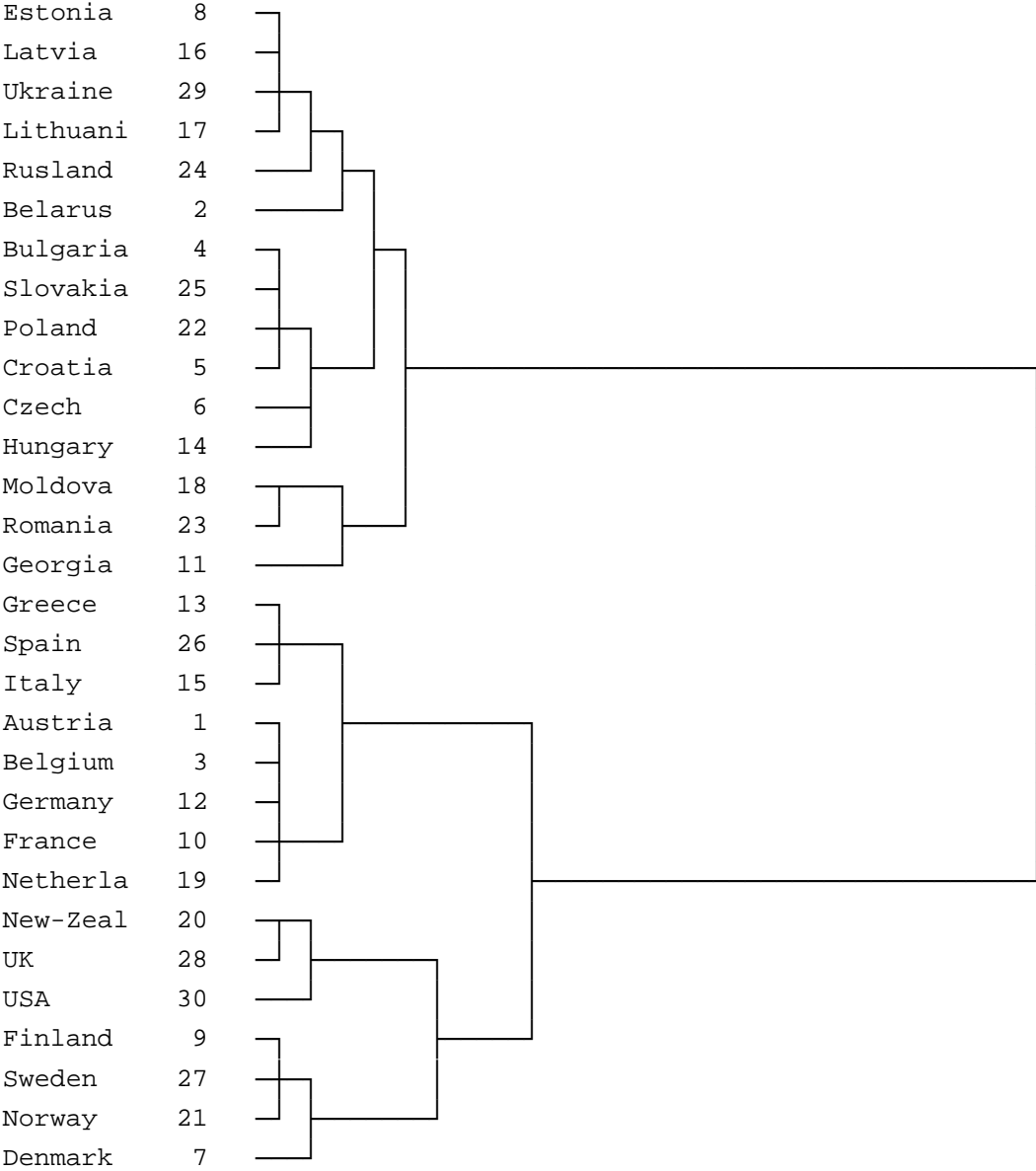
b) Source: IMF

c) Source: World Values Survey

In the cluster analysis, a number of technical decisions have been made that need to be explained. First, all variables have been standardized on a scale from 0 to 1, to prevent the skewed analysis that might result if some variables with a broad range of absolute values dominate the data. Second, for the measure of distance between cases, the common ‘squared Euclidean’ measure have been used. For the grouping of the cases I have adopted Ward’s method, which minimizes the variance within groups and maximizes their homogeneity. Finally, I have decided to create six clusters. As has been stated earlier, the decision on the number of clusters is based on both statistical and theoretical considerations. Creating more

clusters would only lead to the isolation of individual countries in a separate cluster. For instance, in a seven-cluster solution Belarus would be regarded as a separate cluster, without any other shifts in the grouping of countries, whereas in a five-cluster solution, all Eastern-European countries except Moldova, Romania and Georgia would be placed in the same cluster.

**Figure 1 Hierarchical cluster analysis**



From the hierarchical cluster analysis, it becomes clear that at this moment, the Eastern European welfare states can be clearly distinguished from the traditional European welfare

states. In fact, there are two dominant groups of countries. In the traditional European countries, we can observe a replication of Esping-Andersen's welfare regimes, supplemented with the Southern-European or Latin type. More interesting are the subgroups within the group of post-communist countries. It is more or less common knowledge that the Baltic states share a lot of similarities. Therefore it does not come as a surprise that these countries are treated as a separate cluster in this analysis. More surprising is the fact that some of the other former Soviet-states (Belarus, Ukraine, Russia) share a lot of the characteristics with these countries too. The Eastern-European countries can be grouped as a separate cluster, in this cluster it is striking that at first sight there are no big differences between the EU-admitted countries and the other countries. Finally, there is a cluster consisting of Moldova, Georgia and Romania.

In order to get insight in the distinctive characteristics of each of these groups, table 2 provides an overview of the average scores of each of these groups on the variables that have been used in the analysis. Based on the analysis, six different types of welfare states might be distinguished. The welfare state types are the following:

- Type I: Conservative type (Austria, Belgium, France, Germany, Greece, Italy, The Netherlands and Spain)

The cluster analysis clearly shows that the Southern-European countries form a distinct subtype of the conservative type. However, these differences are too small to distinguish them as a separate subtype.

- Type II: Social-Democratic type (Finland, Denmark, Norway and Sweden)
- Type III: Liberal type (New Zealand, United Kingdom and United States)
- Type IV: Former USSR type (Belarus, Estonia, Latvia, Lithuania, Russia and Ukraine)

This type most clearly shows the legacies of the communist past. It is characterised by high levels of female participation, a rather extensive public sector, high economic growth and high inflation.

- Type V: Post-communist European type (Bulgaria, Croatia, Czech Republic, Hungary, Poland and Slovakia)

It is generally believed that the post-communist European countries most clearly resemble the traditional European welfare states. Comparing the characteristics with Esping-Andersen's ideal types, these countries seem to mix characteristics from both the Conservative and the Social-Democratic type. There is no reason to support the idea that the countries of post-communist Eastern Europe are developing into Liberal types.

- Type VI: Developing type (Georgia, Romania and Moldova).

This final type clearly represents countries that are still developing towards mature welfare states. With a high-level of infant mortality (which is generally considered as a good indicator for the general level of well-being) and a low life expectancy, the developmental stage of these countries remains behind that of the other countries in this analysis.

Table 2: Characteristics of six welfare state types

<b>Welfare state type</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>VI</b>
<i>Characteristics of governmental programmes</i>						
Total government expenditures	19,80	24,04*	17,25	19,97	18,71	10,06**
General health expenditures	8,74	8,19	9,62*	5,64	6,75	5,23**
Government health expenditures	12,69	13,12	16,34*	10,62	11,43	9,05**
Public spending on education	5,01	7,26*	5,68	5,27	4,32	3,31**
Number of physicians per 1000 persons	3,69	3,17	2,61	3,67	2,95	3,14
Spending on social protection	0,19	0,22*	0,13	0,12	0,16	0,08**
Revenues from social contributions	0,16	0,10	0,05	0,10	0,13	0,07
Income and corporate taxes	0,12	0,21*	0,15	0,08	0,08	0,04**
Individual taxes	0,20	0,29*	0,32	0,14	0,11	0,09
Payments to government employees	0,11	0,15*	0,10	0,09	0,09	0,07
<i>Social situation variables</i>						
Inequality	31,56	25,60**	37,67*	34,42	28,02	34,47
Female participation	40,59**	47,31	45,31	48,34	46,36	46,79
GDP Growth	2,31	2,45	2,95	5,28*	3,29	2,81
Total fertility rate	1,45	1,71	1,88	1,25	1,28	1,28
Inflation	2,20	1,96	2,16	27,28	6,41	21,00
Life expectancy	78,45	78,22	77,71	69,10*	73,16	70,09*
Infant mortality	4,50	3,78	6,01	12,17	11,50	28,67*
Unemployment	8,57	6,06	5,43	10,75	12,88	8,88
<i>Political participation variables</i>						
Level of trust	32,45	62,33*	37,43	24,80	20,18	13,90**

\* More than one standard deviation above total average

\*\* More than one standard deviation below total average

## Conclusions

This paper has shown that there is a clear distinction between the traditional European welfare states that formed the subject of Esping-Andersen's famous typology, and the countries of Central and Eastern Europe. After 15 years of post-communist regime, it is highly unlikely that the welfare states in these countries are still in transition. So we have to conclude that in addition to Esping-Andersen's three types of welfare states, other types have emerged in Central and Eastern Europe.

The next stage in this project is to analyse the developments within three types to identify the directions in which these types have emerged and are emerging. From that analysis, we can reflect on the place of these Central and Eastern European welfare states within the broader context of the European social model.

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