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Contents

Studies

Paulina Woś, <i>Counteracting Domestic Violence in The Polish Civil Procedure</i>	89
Mitrea Geta, <i>Social economy in Romania after Post-Communist Era.</i> <i>Present Challenges and Future Social Policies</i>	101
Kichae Min, Hyejin Ko, <i>Conditions Leading to the Development</i> <i>of the Post-Socialist Welfare States</i>	121
Triin Lauri, Anu Toots, <i>From nationalism to educational divide?</i> <i>Party positions and voters' profiles on welfare state issues in Estonia</i> <i>and Latvia in the 2010s</i>	139
List of Reviewers	177

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Counteracting Domestic Violence in The Polish Civil Procedure

Abstract

This publication is an analysis of Polish regulations concerning proceedings in cases for obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings. These regulations are intended to ensure the protection of a person experiencing domestic violence on the basis of civil proceedings by introducing comprehensive solutions allowing for quick isolation of a person affected by violence from the person using violence, in situations where the latter poses a threat to the life or health of the household members. The implementation of the above goal is possible thanks to the introduction of, following the example of Austria, immediately enforceable isolation measures to protect victims of domestic violence, which are: an occupation order and a restraining order, and additionally ensuring the improvement of proceedings and curbing the phenomenon of prolonging pending proceedings in cases of separating a person suffering from violence from a person using such a form of abuse.

The author of this publication wants to show that effective counteracting domestic violence is also possible on the basis of civil proceedings, and not only through criminal proceedings.

The work uses the dogmatic-legal and comparative-law methods.

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Keywords: domestic violence, isolation of the perpetrator of domestic violence, civil proceedings, occupation order, restraining order

Introduction

Domestic violence is a complex social problem with complicated psychological conditions, multiple causes and multifaceted consequences for all family members, requiring comprehensive legal regulation. Pursuant to Art. 2 point 2 of the Act on Counteracting Domestic Violence (The Act of July 29..., 2020), domestic violence shall be understood as a one-time or repeated intentional act or omission that violates the rights or personal rights of family members, in particular, exposing these people to the risk of losing life or health, violating their dignity, bodily inviolability, freedom, including sexual freedom, inflicting harm to their physical or mental health, as well as causing suffering and moral harm to people affected by violence (Mikołajczuk, 2020; Sasal, 2005; Spurek, 2013; Spurek, 2019; Ważny, 2015).

In order to counteract this negative phenomenon, on April 30, 2020, an amendment to the Act – Code of Civil Procedure and certain other acts was adopted (The Act of November 17..., 2021), which introduced institutional mechanisms for combating domestic violence into the Polish civil procedure. The aforementioned Act, which came into force on November 30, 2020, carrying the idea of full protection of a person experiencing domestic violence, introduced new legal instruments to the Polish civil procedure – isolation measures protecting victims of domestic violence from the perpetrators of this violence, which are: an occupation order requiring such a person to leave the jointly occupied flat and its immediate surroundings or an order prohibiting one from approaching the residence and its immediate surroundings. The aforementioned Act made it possible for the persons affected by violence to benefit from legal protection in situations where the perpetrator of violence poses a threat to the life or health of household members, not only through criminal proceedings, but also through civil proceedings, where the court, in the non-contentious mode of proceedings, may obligate the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings (Gil, 2021)².

Thanks to the introduction of new regulations to the Code of Civil Procedure, an additional form of protection for a person experiencing domestic violence was provided, which is implemented through the introduction of comprehensive solutions allowing for a quick isolation of a person affected by violence from the perpetrator, in situations where it poses a threat to the life or health of the household members, applying (see: The Act of July 29..., 2021, Art. 11a) isolation measures to protect victims of domestic violence³, as well as streamlining civil proceedings and limiting the phenomenon of prolonging pending proceedings in cases of separating a person suffering from violence from a perpetrator.

² More about isolation measures against a person using violence see: Spurek, 2009.

³ On the need for introducing such solutions: Nowakowska 2013; Spurek, 2013.

The purpose of the study is to analyse the introduced solutions and to answer the question of whether the introduced legal instruments are better than the formerly existing ones and whether they will serve more effective protection of a person experiencing domestic violence. First, new legal solutions and instruments for counteracting domestic violence used by the Police and Military Police were discussed. Then, the procedure of court proceedings against a person abusing domestic violence in a civil court, inspired by Austrian law in the field of counteracting domestic violence, is described. Finally, there was an attempt to answer the question posed about the effectiveness and efficiency of new solutions for people affected by domestic violence. The work uses the dogmatic-legal and comparative-law methods.

The use of isolation measures by the Police and Military Police against the perpetrator of domestic violence

Pursuant to the aforementioned Act, which came into force on November 30, 2020, uniformed services – the Police as well as the Military Police (in relation to a soldier on active military service) have the right to issue an order to a person using domestic violence, posing a threat to the life or health of the person affected by this violence to immediately leave the jointly occupied flat and its immediate surroundings or to issue a restraining order prohibiting such a person to approach the flat and its immediate surroundings. If the circumstances of a particular case justify it, the occupation order and restraining order may be applied together. A policeman or a soldier, when issuing an occupation order or restraining order against a person using violence, is obliged to indicate the area or distance from the jointly occupied flat, which the person using domestic violence will be obligated to keep. Importantly, a flat is understood as any premises that meet current housing needs (The Act of April 6..., 2020, Art. 15aa; The Act of August 24..., 2020, Art. 18a). An occupation or restraining order may be issued during an intervention undertaken in a jointly occupied flat or its immediate vicinity or in connection with obtaining information about the use of domestic violence, in particular, a notification by a person affected by violence or a probation officer, as well as an employee of an organisational social welfare unit (see: The Act of April 6..., 2020, Art. 15ab, para. 1; The Act of August 24..., 2020, Art. 18b, para. 1). Both the occupation order and restraining order are immediately enforceable (see: The Act of April 6..., 2020, Art. 15aa, para. 4; The Act of August 24..., 2020, Art. 18a, para. 4). A copy of the occupation or restraining order shall be served not only to the parties to the proceedings, but also to the public prosecutor, and the locally competent interdisciplinary team appointed by the head of the municipality, mayor or city president and the locally competent guardianship court shall be notified of its issuance – if minors reside in the home where domestic violence occurs. Then, the guardianship court immediately initiates ex officio protective proceedings in the scope of regulating the manner of providing care to the minors (see: Code of Civil Procedure, Art. 755, para. 1, point 4) and may additionally regulate the method of contact between the person using violence and the minors, including an order stipulating contact prohibition.

The person against whom an occupation or restraining order has been issued may bring a means of appeal – a complaint to the district court competent for the location of a jointly occupied household, examined pursuant to the provisions of the Code of Civil Procedure. The complaint shall be examined by the court immediately, no later than within three days from the date of its receipt by the court. If the court finds that the issued occupation or restraining order is unfounded or illegal, it will be revoked (see: The Act of April 6..., 2020, Art. 15aj, para. 1–3; The Act of August 24..., 2020, Art. 18j, para. 1–3).

An occupation or restraining order issued against a perpetrator of domestic violence is only temporary and expires after 14 days from the date of its issuance unless a civil court grants consent for its extension under protective proceedings. In addition, the adjudicated occupation or restraining order will cease to have an effect in a situation where the perpetrator of domestic violence is detained on suspicion of committing a crime or offence, and then a preventive measure in the form of temporary arrest or an order to temporarily leave the premises occupied jointly with the aggrieved party will be applied (see: The Act of April 6..., 2020, Art. 15ak, para. 1–2; The Act of August 24..., 2020, Art. 18k, para. 1–2). If a person affected by domestic violence wishes to maintain the applied measure of isolation, they should, within 14 days from the date of issuing the occupation or restraining order, initiate the procedure regulated in the provisions of Art. 560²–560¹² of the Code of Civil Procedure, namely, initiate proceedings in a case of obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings.

Proceedings in cases for obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching it

Proceedings against a person using violence (see: Code of Civil Procedure, Art. 560²–560¹²) are initiated at the request of the person entitled thereto – a person affected by domestic violence. A witness of the violence or any other person who has knowledge of the violence does not have the capacity to submit the application. The proceedings in question may also be conducted when the person affected by domestic violence left the shared accommodation before the initiation of the proceedings due to the use of violence against them in that household, but also when the person using violence left the shared accommodation, and even when the person using violence stays in the household with the person affected by the violence only periodically or irregularly (Pruś, 2021). In order to facilitate initiating the procedure, the applicant may submit an application for obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings on an official form (see: Code of Civil Procedure, Art. 560³). The application submitted to the court may be preceded by the uniformed services issuing an order to immediately leave the shared accommodation and its immediate surroundings or a restraining order prohibiting one to approach the accommodation

and its immediate surroundings against the person whose behaviour poses a threat to the life or health of other people through the use of violence (see: The Act of April 6..., 2020, Art. 15aa–15ak; The Act of August 24..., 2020, Art. 18a–18k). In the interest of continued protection, a person affected by domestic violence has 14 days to initiate a court procedure for applying the indicated isolation measures.

These proceedings, due to their special character, should be conducted before the court with the participation of the prosecutor, who should be served court and procedural documents, in addition to being notified of the dates of the court hearing, which is obligatory due to the importance of the issues to be resolved by the court⁴.

Bearing in mind the efficiency of the proceedings, the ruling resolving the application should be made within one month from the date of receipt of the application by the court (Tomaszewska, 2020)⁵. In order to streamline the procedure and allow for adhering to the above-mentioned deadline, the court may serve correspondence through the Police and Military Police. Then, the deadline for service is seven days, without the necessity to issue two advice notes. Additionally, the uniformed services are obliged to determine each time whether the addressee lives at the specified address, if they are not found at the specified address during the delivery attempt. The Police or Military Police should then try to determine where the service should be provided and immediately forward this information to the court in order that further procedural decisions are taken. Moreover, in order to be able to meet the requirement for the speed of the proceedings, the Police and Military Police have been obliged to provide the court with all assistance necessary to conclude the pending proceedings as quickly as possible (Budniak-Rogala, 2021).

The application for an order obligating the perpetrator of domestic violence to leave the shared accommodation and its immediate surroundings or forbidding them to approach the accommodation and its immediate surroundings is submitted to the district court having jurisdiction over the applicant's place of residence, and if there is no place of residence – the court competent for their place of residence (see: Code of Civil Procedure, Art. 507; Code of Civil Procedure, Art. 508, para. 1; Woś, 2021). The participants of the proceedings are: the person affected by domestic violence and the person using domestic violence.

A ruling which grants the application for an order obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings is effective and immediately enforceable, and may be amended or revoked in the event of a change in the circumstances, even if it is final. In this decision, the court indicates the area or distance from the shared accommodation that the perpetrator is obligated to keep. If, prior to the issuance of an order in this regard, the court granted a protective measure pursuant to Art. 755³–755⁵ of the Code of Civil Procedure, the decision concluding

⁴ More on the powers of the prosecutor in cases related to domestic violence: Mazowiecka, 2013.

⁵ Tomaszewska is critical about the indicated change, and concludes that the proposed date cannot be met, e.g. in a situation where it will be necessary to conduct hearing of evidence.

the proceedings also resolves the matter of the protective measure granted (see: Code of Civil Procedure, Art. 560⁷, para. 1–2; Code of Civil Procedure, Art. 560⁸).

A copy of the decision is delivered *ex officio* by the court to the participants of the proceedings, the prosecutor, the Police or the Military Police and the locally competent interdisciplinary team is notified, and if minors live in the apartment – also the competent guardianship court. The deadline for submitting a petition requesting the grounds for the decision begins from the date of its announcement, and not its service, which is a manifestation of realising the postulate of accelerating the proceedings in the discussed cases. The decision to obligate the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings, as to the merits of the case, may be appealed against.

In order to streamline the proceedings, there are also exceptional regulations concerning interinstitutional and appeal proceedings. If the submitted appeal contains formal defects in the form of the lack of its copies, the court shall prepare and deliver the copies *ex officio*. In addition, the deadline for submitting a response to the appeal is one week, and the court of second instance should resolve the case within one month from the date of presenting the case files by the court of first instance together with the appeal (see: Code of Civil Procedure, Art. Art. 560¹⁰–560¹²). A cassation appeal against the decision of the court of second instance obligating a family member to leave the apartment is inadmissible (Decision..., 2017).

Failure by the perpetrator of violence to comply with the ruling concerning the order to leave the jointly occupied apartment and its immediate surroundings will allow for conducting compulsory enforcement under the provisions of the Code of Civil Procedure on the enforcement of non-pecuniary benefits – the obligation to empty the premises serving the debtor's housing needs and Art. 17 of the Act on the Protection of Tenants' Rights (see: Code of Civil Procedure, Art. 1046; The Act of May 20..., 2020, Art. 17). Bearing in mind the grounds for the order to leave the place of residence (use of violence), the provisions on the right to social housing and the protection period from November to March, when, as a rule, eviction decisions are not enforced, do not apply to the execution of the court order (Wrona, 2020).

Moreover, in view of the need to ensure that court decisions are respected, a new type of offence has been added to the Code of Petty Offences. Failure to comply with a court ruling imposing an order on the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings (as well as failure to comply with the occupation order and restraining order of the Police or Military Police or a decision on protective measures) constitutes an offence punishable by imprisonment, restriction of liberty or a fine (Journal of Laws of 2021, item 281 as amended; see: The Act of May 20..., 2021. Art. 66b).

In order to facilitate exercising the envisioned legal protection, a person suffering from domestic violence is exempt from the obligation to bear court costs in the case of obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its

immediate surroundings (Journal of Laws of 2020, item 755 as amended; see: The Act of July 28..., 2020, Art. 96, para. 1, point 15).

Protective proceedings

The introduction of proceedings in cases for obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings to the civil procedure, was also accompanied by the enactment of laws regulating protective proceedings in cases concerning the application of isolation of a domestic violence perpetrator. The same amendment added new regulations to the Code of Civil Procedure, thanks to which the court hearing a petition for obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings will be able to provide protective measures for the duration of proceedings, not only on general principles – in accordance with the provisions on securing non-pecuniary claims (see: Code of Civil Procedure, Art. 755), but also apply a new measure – protection in the form of extending the validity of the order to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings, imposed previously by the Police or the Military Police, pursuant to Art. 15aa para. 1 of the Police Act and Art. 18a para. 1 of the Act on Military Police and Military Law Enforcement Bodies (Stefańska, 2021).

When issuing a decision extending the validity of an occupation order or restraining order, the court will also be authorised to change the area or distance from the place of residence indicated in the order or prohibition that the person using domestic violence was obliged to observe, thus adjusting the protection of the victim to the current situation. If the court does not rule on the area or distance from the place of residence in its decision, the provisions contained in the occupation order or restraining order issued by the Police or Military Police will remain in force in this respect. The execution of a temporary occupation order or restraining order is subject to control by uniformed services. In the decision on granting protective measures, the court determines the frequency with which the indicated services check whether the extended occupation order or restraining order is not infringed, and the court's decision determines the frequency of verification activities, which should be adjusted to the actual needs of a specific case (Justification..., 2020). In order to streamline and expedite the procedure, special regulations have been provided for in the case of supplementing any formal shortcomings in the documents submitted. If the application for protective measures or other pleadings have been submitted without a copy for the party, the court hearing the case shall not call the party to supplement these deficiencies but draws them up on its own and then serves them. In addition, in order to expedite the proceedings, the court may effect service through the intermediary of the Police or the Military Police, on the terms specified in the provisions governing the proceedings in cases for obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings

or prohibit approaching the residence and its immediate surroundings. The court should notify the prosecutor about the initiation of protective proceedings and serve notices on the dates of meetings to them.

An application for a protective measure consisting in extending a previously imposed occupation order or restraining order shall be examined immediately, but not later than within three days from the date of its receipt by the court. Such a short period of time for examining the application for extending the period of the perpetrator's isolation results from the need to guarantee the right holder, i.e., a person affected by violence, the continuity of protection granted by the issued occupation order or restraining order. Bearing in mind that the protective proceedings are of temporary nature, it is obligatory to indicate the duration of the protective measure in the order by which the court extends the isolation measures applied (Gil, 2021). A copy of the decision on protective measures shall be immediately served by the court to the participants in the proceedings, as well as to the prosecutor and uniformed services. In addition, the locally competent interdisciplinary team and the locally competent guardianship court shall be notified of the order if minors reside in the household where the domestic violence occurs. The court, when issuing the final judgment in the case, is obliged in that final judgment also to resolve the matter of the protective measure granted to eliminate from legal transactions any potential possibility of the existence of two titles authorising enforcement (Justification..., 2020).

Apart from the possibility to provide a protective measure by extending the validity of isolation measures already applied by the Police or Military Police, the court has also the right to provide protective measures on general principles, in such a manner as it deems appropriate according to the circumstances (Julke, 2020), e.g. by issuing an order to immediately leave the flat by a person applying domestic violence or a restraining order in the absence of such an occupation order or restraining order issued by the Police or Military Police. Such an application for a protective measure shall be examined in accordance with the general rules. It should be done immediately, but no later than within one week from the date of its receipt by the court, as the special regulation provided for in Art. 755³–755⁵ Code of Civil Procedure cannot be applied in this case.

The decision on the matter of a protective measure is open to challenge through a complaint, which is examined by the court which issued the decision, composed of three judges (see: Code of Civil Procedure, Art. 741, para. 1–2).

Austrian law as an example of a model solution for counteracting domestic violence

The use of isolation measures against the perpetrator of domestic violence, consisting in an occupation order or restraining order, is not a Polish innovative regulation.

An occupation order or restraining order as a measure of isolation for perpetrators of domestic violence has been in force in Austria for 24 years now. The Law on Protection against Domestic Violence (de. *Gewaltschutzgesetz*) was adopted there

in November 1996 and has been in force since May 16, 1997. The law is based on the premise that domestic violence is not a private matter but a matter of public safety, and that the state bears responsibility for the use of violence against close relatives by the perpetrator. Based on this assumption, it was assumed that in order to counteract this negative phenomenon, the state should react decisively from the very beginning by demonstrating unconditional condemnation of the perpetrator. In the name of this idea, a principle was introduced whereby it is the perpetrator of violence who is obliged to leave the flat shared by the victim, and not the victim⁷.

A police order is issued *ex officio*, not at the request of the victim of violence, and is valid for 14 days, with the Police being obliged to check compliance with the measures at least once during the first three days⁸. In addition, the Police are obliged to inform the institution providing support to victims of domestic violence of the fact that an occupation order has been issued within 24 hours. The period of isolation may be extended by the court at the request of the person affected by the violence. The court may issue an occupation order requiring such a person to leave the flat and its immediate surroundings, prohibiting them from staying in certain places and meeting household members, as well as contacting a given person, even by phone. The court's orders are of a temporary character and are valid for three months with the possibility of their extension, provided that an application for divorce or division of the estate is submitted to the court before the expiry of the three-month period, and in the case of cohabitation – a request for an eviction order or for the premises to be allocated to sole use. In the event of initiating these proceedings, the occupation order or restraining order shall remain in force until their legitimate expiry (Justification..., 2020; Spurek, 2008).

The issuance of appropriate orders or prohibitions by the court is not dependent on the prior issuance of an occupation order or restraining order by the Police but may be a consequence thereof. Similar regulations are in force in Spain, the Czech Republic, Denmark and Bulgaria (Justification..., 2020). For these countries, just like for Poland, the Austrian regulations were an inspiration to create institutional mechanisms to combat domestic violence.

Conclusions

Proceedings against a person using domestic violence, regulated in the provisions of the Code of Civil Procedure (Art. 560²–560¹²; Art. 755²–755⁴), in the current formula, should be assessed positively. Until 30 November 2020, in the civil procedure, proceedings for obligating a perpetrator of domestic violence to leave the flat were carried out on the basis of the general provisions on non-contentious proceedings, which, however, did not provide sufficient protection to a person who suffered from violence, in a situation where no criminal proceedings were pending in relation to

⁶ See more: Haller, 2021; EUCPN, 2013; Pelikan et al., 2004.

⁷ See more: Spurek, 2013.

⁸ See more: Logar & Niemi, 2017.

domestic violence. The civil court did not possess appropriate instruments – measures to isolate the victim from the perpetrator of violence quickly and efficiently.

The procedure in question is of comprehensive character and implements Art. 52 of the Convention of the Council of Europe (2015) on preventing and combating violence against women and domestic violence, which obligates the parties of the Convention to create national legal solutions aimed “to order, in situations of immediate danger, a perpetrator of domestic violence to vacate the residence of the victim or person at risk for a sufficient period of time and to prohibit the perpetrator from entering the residence of or contacting the victim or person at risk. Measures taken pursuant to this article shall give priority to the safety of victims or persons at risk” (Convention..., 2015)⁹. The convention was signed by Poland on December 18, 2012.

Numerous instruments have been introduced into the Polish legal system enabling effective protection in the field of domestic violence through the possibility of taking quick and efficient actions leading to the isolation of a person affected by violence from the person using violence in situations where their life and health are at risk. These changes include not only separate non-contentious proceedings, in which the court may obligate the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings, but also introduce solutions enabling the court to issue decisions on the extension of an occupation order requiring such a person to leave the jointly occupied residence and its immediate surroundings or prohibiting them from approaching the residence and its immediate surroundings, previously imposed by uniformed services – the Police or the Military Police.

The introduced solutions will certainly contribute to more effective protection and real improvement in the situation of people affected by domestic violence, who, for various reasons, do not decide to initiate criminal proceedings against the perpetrator of domestic violence. Therefore, they should be assessed positively. These are solutions aimed at streamlining proceedings in the matter of obligating the perpetrator of domestic violence to leave the jointly occupied residence and its immediate surroundings or prohibit approaching the residence and its immediate surroundings, while ensuring adequate legal protection for a person suffering domestic violence.

Finally, it was understood that the overriding goal should be to efficiently isolate the victim of violence from the perpetrator, as it is the application of immediate isolation of the perpetrator which is the most effective means of protecting the victim of domestic violence. Similar regulations have been in force for many years in the laws of other countries, i.e., Austria, Spain, the Czech Republic, Denmark and Bulgaria.

⁹ See more: Lewoc, 2015; Olszewska, 2016.

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Social economy in Romania after Post-Communist Era. Present Challenges and Future Social Policies

Abstract

This paper shows that Romania, as a post-communist country until the '90 succeeded to embrace the social economy sector and accessing these opportunities for its own social-economic development of communities and social inclusion of vulnerable citizens. The social economy domain existed in Romania before communism, but it had different stages of development and characteristics due to its period of political regime.

A mixed research method, combining secondary analysis of data, longitudinal analysis and local case study experience was conducted. The original value of the scientific field is by analysing the way the social economy entities from the European and Romanian levels have a common objective to bring sustainable community development using the mixed research method. Also, how in 15 years the number of social enterprises in Romania grew and offered real opportunities to citizens, such as job opportunities, program qualifications and support for dependent persons etc.

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In conclusion, we are able to state that the social economy sector represents an opportunity for the development of local communities in the areas where they are implemented.

Keywords: welfare state, social economy, non-profit sector, social policies, social inclusion

Introduction

Due to its geographical position, having as border neighbours Bulgaria, Ukraine, Hungary, Serbia, Moldova and the Black Sea, our country has had many challenges over the years. Also, the fact that Romania was a communist country, from 1947 to 1989; in that period of time had a socialistic influence from the existing political regime. After the 1989 revolution (Tismăneanu, 2006), the country and its citizens started their path to democracy and development in all its areas: economic, cultural, political and social. Unfortunately, all of its histories left many marks and visible gaps between Romania and other countries in the Eastern European areas. Even if we have an advantage in the geographical position, the communist period put its mark on our development and kept us in the same place or even contributed to a step back. The sector of the social economy was one of the domains that have not reached its real potential for contributing to the development of the country.

The Non-Governmental Organisation (NGOs) sector in Romania started to develop after the communist period. National legislation regulations were hardly created in 2000 when Ordinance 26 on associations and foundations was issued. This was the starting point where specialists were able to create NGOs addressing people's social needs and try to bring expertise from outside the country, create new job opportunities and establish long-lasting international relations with foreign experts. And step by step, the NGOs and social sector started to gain experience that the communist period made them lose or stay back (Howard, 2003). In the following part of the paper, we will try to present a short relevant theoretical background of the social economy sector in Romania.

Theoretical framework

As we are able to find in the existing scientific literature (Lambru & Petrescu, 2021; Petrescu & Lambru, 2020; Costa et al., 2020), national legislation (*Emergency Ordinance no. 33, 2022; Law 219/2015, on the social economy, 2015*) and in the international legislation there is no clear definition unanimously accepted for the "social economy". There are still debates, interpretations and discussions on this topic, with relevant particularities at the European level and in each country.

For example, on the official website of the European Union dedicated to the sector of the social economy it is stated that this domain is "a major socio-economic player of the European social market economy" (Social Economy Europe, 2021). Also, the organisations that act in this field are listed there, but no scientific definition, unanimously accepted, of this domain has been provided. *Dictionary of Geography* by Susan

Mayhew provides yet another definition of the term “social economy” as a sector that includes “those organizations which are animated by the principle of reciprocity for the pursuit of mutual economic or social goals, often through social control of capital”. Whereas such online sources as *Britannica* or popular dictionaries, for example, *Oxford Learner’s Dictionary* or *Cambridge Dictionary* do not provide exact matches for this term altogether.

Meanwhile at the national level, as stipulated in *Law 219/2015*, updated by *Ordinance no. 33, 2022*, the social economy is defined as “the set of private economic and social activities, serving the general interest, the interests of a community and/or personal non-patrimonial interests, by increasing social inclusion and/or the provision of goods, services and/or execution of works” (according to article 2, line 1 from *Ordinance no. 33, 2022*).

Comparing the information from the sources above, we may state that the social economy focuses its objectives on six main pillars: “development of local communities, job creation, development of social inclusion and cohesion, transition to the circular economy and social innovation, involvement of people in the vulnerable group in social and/or economic activities, access of people in the vulnerable group to community resources and services” (according to article 5, line 1 of the *Ordinance no. 33, 2022*). And all of these pillars are made using primarily the principle of reciprocity with common social and economic objectives.

The main principle of the social economy, adopted both at international and national levels through legislation, is that a large percentage of the profit organisation must be reinvested, namely, used to develop communities and help vulnerable people, also create new jobs for them. This area may be considered as a combination between business, profit and social impact.

The term “social economy entity” used refers to any organisation that is founded and carries out its activity on any of the national legislation presented in article 3, point 1, letters a-h from *Law 219/2015* modified through *Emergency Ordinance no. 33, 2022*. This means that when we refer in this paper to the expression “social economy entity” we consider that it can be one from the following list, namely: co-operative societies², credit cooperatives³, associations and foundations⁴, mutual aid houses of the employees⁵, the mutual aid houses of the pensioners⁶, the agricultural

² According to the article 7, point 2 “the cooperative society is a private capital economic operator”. *Law 1/2005 on the organisation and operation of the cooperation, republished, with subsequent amendments*.

³ *Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, approved with amendments and completions by Law 227/2007, with subsequent amendments and completions*.

⁴ Which operate on the basis of *Government Ordinance no. 26/2000* on associations and foundations, approved with amendments and completions by *Law 246/2005*, with subsequent amendments and completions.

⁵ Which operate on the basis of *Law 122/1996* on the legal regime of the mutual aid houses of the employees and their unions, republished.

⁶ Which are established and operate based on *Law 540/2002* regarding the mutual aid houses of the pensioners, with the subsequent modifications and completions.

companies⁷, agricultural cooperatives⁸ and “any other categories of legal persons, regardless of the field of activity, which comply, according to the legal acts of establishment and organisation, cumulatively, the definition and principles of the social economy provided in this law” (according to the letter h), article 3, line 1 of the *Ordinance no. 33, 2022*).

The definition of each of the “social economy entities” listed above is provided in the law under which they are operating in Romania. But we must mention that for each of them we will clearly mention which type of “social economy entity” classifies so that no confusion among them should happen to the reader.

According to letter f, article 6, line 1 of the *Ordinance no. 33, 2022*, the term “social enterprise” is defined as “any legal person governed by private law who carries out activities in the field of social economy and holds a certificate of social enterprise”. And to be even more clear, “the certificate of social enterprise” represents “the form by which the contribution of social enterprises to the development of the field of social economy is recognised” (according to letter h, article 6, line 1 of the *Ordinance no. 33, 2022*).

At this point, we must conclude the fact that a social economy entity is clearly related to the existence of the certificate of social enterprise so that it can act in the social economy domain. At the same time, we are able to sustain that an association is able to act and activate in different social domains but with no relation to the social economy. For example, if there is an association of students founded by the regulations of the same law, it can easily activate in the domain of human rights or civil society, but with no connection to the sector of the social economy because it does not own the certificate of social enterprise nor it needs one because its activity is not connected to the social economy area.

Regarding this domain, on the official website of the European Union in the section dedicated to the social economy, we found that “there are 2.8 million social economy enterprises, representing 10% of all businesses in the EU” (*Social economy in the EU*, 2021). This is a significant percentage that must not be ignored and we also must take into consideration that in the following years it will grow and will be even more representative of the business sector at the EU level, maybe even at the global one. Not only at the national level but also at the international social economy domain gains its place in the market and in the development communities where they activate for pursuing their main goal.

Research methodology

The main purpose of the current paper is to draw attention to the enormous steps made in the sector of social economy in Romania during the last 15 years. We made a *mixed research method*, combining *secondary analysis of data*, *longitudinal analysis*

⁷ Which operate based on *Law 36/1991* on agricultural companies and other forms of association in agriculture, with subsequent amendments and completions.

⁸ Operating under the *Law 566/2004 on agricultural cooperation*, with subsequent amendments and completions.

and *local case study experience*. We used the *secondary analysis of data* existing at the national level regarding the social economy entities registered in the Single Register of Social Enterprises (Rum. *Registru unic de evidență a întreprinderilor sociale*), which is given by the National Agency for Employment (Rum. *Agenția Națională pentru Ocuparea forței de Muncă – ANOFM*); also, we focused on a *longitudinal analysis* regarding the number of social economy entities founded in Romania during the last 15 years and the distribution of them at national level in the development areas; and finally, we presented *local case study experience* of “social economy” practices and examples for the national level.

Also, we tried to present relevant statistics existing at the EU regarding the social economy sector, where Romania is included, too. Unfortunately, at the national level, we were not able to obtain similar information from competent institutions. This is one of the limitations of this paper. One of the reasons why we were not able to access relevant statistics for the social economy domain from Romania (e.g. the percentage or the total number of social economy enterprises correlated to the total number of all businesses in Romania) may be the fact that these data have not been collected until now, being one of the main objective of the public organisations at this moment.

The original value of the scientific field is by analysing the way the EU and Romanian social economy entities have a common objective to bring sustainable community development using the mixed research method. Also, how in 15 years the number of social enterprises from Romania grew and offered real opportunities to citizens, such as job opportunities, programs qualifications and support for dependent persons etc.

To present experiences and practices from the national level successfully, at first, we made a short theoretical framework of the domain and presented proper definitions used in the paper; afterwards, we presented the social economy at the European level. We presented steps made through time and solutions identified to innovate and develop a sustainable social economic system that may be able to contribute to solving the social needs of vulnerable people and contribute to economic growth (Maas & Liket, 2011).

We focused on the legal framework for different types of social economy entities which existed at the national level before 2015, when the law dedicated to the social economy was issued and which has officially recognised the sector in Romania. We also tried to present difficulties registered during implementing different projects from the European funds and design some social policies that may be taken into consideration for supporting the domain of social economy as a solidarity economy (Duque et al., 2021) for all stakeholders involved.

This paper addresses two main hypotheses. The first one is the question of whether the social economy sector provides an opportunity for the development of local communities in the areas where they are implemented. And the second one is whether the social economy sector in Romania has evolved over the last 15 years. The indicators that were taken into consideration were the structural funds that Romania was able to access as a member of the EU, the number of social enterprises that were founded during the last 15 years in Romania, relevant NGOs that activate at the national level in the social economy domain, examples of practices of social economy at national areas.

The sources on which this analysis has been based include the official websites of the EU for the section dedicated to social economy, official sites of national public institutions, the National Agency for Employment, Ministry of European Investment and Projects, official sites of national NGOs that have activities in the social economy sector, international scientifically data sources, national reports and books on the topic. It is relevant to present the particularities of social economy at European level in the next lines.

Social economy particularities at a European Union level

At the European level the social economy domain is largely presented on the official website devoted to it, namely *Social economy in the EU* (please note the links to the sources are listed in *Online sources* section). Here we can find information regarding the types of organisations that are part of the social economic environment at the European level. Among these social economy entities we find sections regarding: cooperatives⁹, social enterprises¹⁰, associations and foundations¹¹, mutual societies¹², affordable housing initiative¹³. The main purpose of functioning of each of these entities is the person and the welfare state of the area and community where they act. The aim of these organisations is to create and develop proper solutions for specific problems for different vulnerable persons or groups of persons and contribute to sustainable human resources (Bastida et al., 2017) for reducing poverty (Golinowska, 2020) and increasing the labour market possibilities for persons in their area, even for the disabled persons (Waszczak, 2020) who are able and want to work and feel useful and contribute to positive impact for a social cause.

Regarding the importance of the social economy sector for the creation of workplaces for vulnerable people and even for volunteers, the actual statistics mention that almost “13.6 million people – about 6.2% of the EU’s employees – work for social economy enterprises. On top of the paid workforce, the social economy mobilises volunteers, equivalent to 5.5 million full-time workers” (*Social economy in the EU*, 2021). Job opportunities for

⁹ A cooperative “is an autonomous association of persons united to meet common economic, social, and cultural goals. They achieve their objectives through a jointly-owned and democratically-controlled enterprise”. Cooperative, 2022.

¹⁰ A social enterprise “is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders”. Social enterprises, 2022.

¹¹ Associations and foundations “[promote] the trade or professional interests of their members, whereas foundations spend their funds on projects or activities that benefit the public”. Associations and foundations, 2.

¹² Mutual societies “are enterprises providing life and non-life insurance services, complementary social security schemes, and small value services of social nature (...) are managed according to solidarity principles between members who participate in its corporate governance”. Mutual societies, 2022.

¹³ Affordable housing initiative “is part of the Commission’s renovation wave strategy for Europe, which aims to green buildings, create jobs and improve lives”. Affordable housing initiative, 2022.

people in this period of time are very important and we consider that the social economy sector found its purpose and helps people interconnect and develop together in different directions with a common goal, reducing unemployment (OECD, 2012).

In the actual emerging global market, any possibility of new job opportunities for persons interested and able to work is very welcome and embraced by everybody. Because there is a balance between the welfare state of persons at the micro level, of the community at the mezzo level and of the society at the macro level. This way we manage to activate social entrepreneurship as a social responsibility in the era of globalisation (Pongracz, 2020) for all the actors involved.

During the time, the social economy made important steps at the level of the European Union in all available directions, from straightening relations among social organisations and the business sector through the single market Programme to the European action plan on social economy (*Social Economy Action Plan*, 2021). Also, involving the youth to develop and enhance social innovation (Bassi & Fabbri, 2020) and implementing the Pact of skills (*Pact for Skills*, n.d.) via exchange programmes such as Erasmus+.

Also, there were created two groups of experts focusing on the social economy. The first expert group on social entrepreneurship acted during 2011–2018¹⁴; the second expert group on social economy and social enterprises (GECES) was organised during 2018–2024 (Expert groups, 2022). The objective of these two groups was to analyse social entrepreneurship, social economy and social enterprises existing at the European level and collect information for the Social Economy Action Plan released in 2021.

In the second expert group, its expert members were focusing on three directions: representatives of public organisations from member states of the EU, organisations and observers. This type of expert group is organised for a limited period of time, the first was for seven and the second for six years and have a clearly defined purpose, a well-defined calendar and the members meet face-to-face, online or in a hybrid format. The main goal is that all representatives enrolled in that expert group discuss the topic and bring information from their home country, solutions which have been already implemented successfully or lessons learned from their expertise. In the end, a common set of rules and principles to be elaborated on and submitted for public debate is needed. They will be adopted later at the international level so that all the countries adapt their national legislation according to European Regulations on that topic.

For example, at the online meeting on September 10, 2021 there were 21 members of public institutions from the EU member states. The minutes¹⁵ from the online meeting from September 10, 2021, along with the entire list of participants are available on the official website of the group.

The entire system of social economy entities existing at the international level and the regulations made contributed to engaging the welfare state to care for vulnerable people (Hudon & Huybrechts, 2017). Also, it contributes to a sustainable environment for the better organisational culture of social economy organisations (Bassi & Fabbri, 2020; Rincon-Roldan & Lopez-Cabrales, 2021; Nózka, 2020). Another important aspect was the fact that all these actions contributed to a more open

¹⁴ The archived content may be accessed at: Expert groups, 2022.

¹⁵ For more information, please go to: Enterprises, 2021.

attitude of people towards embracing ethical values related to helping each other and growing together for our common development, autonomy and social solidarity (Hosseini, 2019) through social economic opportunities. Romania, as a member state of the EU, benefits from the advantages offered by the social economy sector at the national, regional and local levels. All of this information will be presented and analysed in the article.

Perspectives of Romanian social economy as a European country

After the fall of communism in Romania, there were different types of social economy entities that were acting according to different specific legislations in force then. At that period of time, the specialists did not use the expression “social economy” with the meaning that we attribute to it today. But the purpose was very similar to the present one: people are the main actor, the community development as well and a sustainable social impact on vulnerable people.

Besides the legal stipulations among people, there were some informal social economy actions that were made with the purpose of mutual help, something similar to a bank loan, but without an interest rate. The name used was “*box for needs*” (Rum. *căsuță*). The principle was that a precise number of people (from 4 to 10) from the same sector of an organisation, department or office is gathered in a group, which then establishes a precise sum of money that they are willing to “borrow”, when the salary is paid, for example, 100 euros. And, by rotation, every month each of them receives a large sum of money, without an interest rate or any other financial costs. To provide an example, let us assume that in my early career I also participated in the “box of needs” with other six colleagues and we decided to gather 100 euros each to “borrow” it. We drew numbers to see the order we would receive the money and I rank fourth. In the month when I received 600 euros from my colleagues I managed to buy furniture for my apartment from that time without loaning money from the bank or other organisations and paying an interest rate. For me and my colleagues, it was a simple mechanism to use for personal needs and even to strengthen our relationships. We used a similar strategy when we had a colleague with medical problems or family issues (illness, death, operation). We all donated a sum of money to contribute to their situation without any other expectations. This type of social economy can bring benefits to surface (Wójcik, 2020) and help us notice that people voluntarily help and feel proud to contribute to social development (Buttler, 2021).

Returning to the national legal stipulations, the social economy entities that existed in Romania after the ‘90s and the laws that they used to function and organise their activity are presented in table 1 below. Some laws were updated during the time and even brought new amendments and completions by other laws more recently to our time. This was made with the purpose of updating the current legislation to the European framework and establishing a unity for the present needs in the social economy sector.

Table 1. The framework legislation for legal entities part of the social economy

Entities of social economy legal forms	Specific national legislation
Cooperative societies <i>with sub-types of cooperatives with specific legislation</i>	<i>Law 1/2015 on the organisation and functioning of cooperatives societies, republished</i>
Credit unions/cooperatives	<i>Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, approved with amendments and completions by Law 227/2007</i>
Agricultural cooperatives	<i>Law 566/2004 on agricultural cooperation</i>
Agricultural companies	<i>Law 36/1991 on agricultural companies and other forms of association in agriculture</i>
Associations and foundations <i>with sub-types</i>	<i>Ordinance 26/2000 on associations and foundations, approved with amendments and completions by Law 246/2005</i>
Mutual aid houses for employees	<i>Law 122/1996 on the legal regime of mutual aid houses for employees and their unions</i>
Pensioners' mutual aid houses	<i>Law 540/2002 on mutual aid houses for pensioners</i>
Owners' associations	<i>Law 230/2007 on the establishment, organisation and functioning of owners' associations</i>
Communes and co-ownership	<i>Article 95 Associative forms of forest owners. Forestry Code Law 46/2008</i>
Other non-profit organisations (associations and foundations) with economic activity	<i>Ordinance 26/2000 on associations and foundations, approved with amendments and completions by Law 246/2005</i>
Commercial companies certified as social enterprises	<i>Law 219/2015 on social economy Law 31/1999 on commercial companies</i>

Source: Vameşu, 2021.

As we can see from the above table, as with the informal example given about the “box for needs”, people with similar interests voluntarily gather into organisations such as pensioners’ mutual aid houses or mutual aid houses for employees. They have common needs and try to find proper solutions for them, so that a win-win solution can be properly found for all of them.

Another relevant example of this type of social economy can be the fact that people that are members of the “pensioners’ mutual aid houses” can benefit from loans with lower interest than the ones from the bank. Also, they can participate in social events and organise trips with lower payments than individual ones. I recall when recently my 72-year-old mom went on an organised Danube trip for two days and all the expenses amounted to a maximum of 50 euros (including transport, meals, accommodation for one night and pocket money). If she went by herself, the accommodation

in the Danube area would be 50 euros per night. This type of activity also follows the rule of reciprocity and mutual help between people, social and economic domains managed to combine and find common purposes.

During the communist period, agricultural cooperatives were the ones that monopolised the market. Because the political regime used them as organisations to collect or distribute food rations to people then. All of these organisations contributed to maintaining the economic dynamism of rural areas and keeping social cohesion (Carchano et al., 2021) for persons from the local level.

Unfortunately, the domain of the social economy was regulated by law only in 2015. The law that underlies the *social economy* in Romania is *Law 219 from 23 July 2015*, published in Official Monitor no. 561 on July, 28 2015 (*Law 219/2015 on the social economy*, 2015). This law was also defined with the help of NGOs representatives and the European funds from the Sectoral Operational Program Human Resources Development 2007–2013 (Government of Romania, 2014) (Monitorizare program, 2015) priority axis 6 titled promoting social inclusion. During the first calls applications for this domain and because there were no law regulations for social economy in our country at that time.

Along with the inclusion of Romania in the EU in 2007, we started to have access to European funds and to know partners from other European countries from which we learn and have best practices exchanges in different areas of action. The social area was one of the priorities of our country because we intended to develop communities, create job opportunities, create an inclusive economy and even perform sustainably (Curtis & Lehner, 2019) to try and reduce the already existing gap given by the communism period (Mosley, 2011). A positive element of the inclusion of Romania into the EU is the fact that we managed to include in its agenda the development of the social economy domain (Costa et al., 2020).

In Romania, the NGOs had a very visible and positive impact (Lambru & Dobre, 2020; Rodríguez & Guzmán, 2013; Piore, 2001) on the involvement of contracting funds and implementing projects from different types of available funding lines. The experts, with volunteers from the NGOs, initiated a large number of projects dedicated to vulnerable persons, unemployed persons, disabled persons who had to work according to their capacity, unprotected children, domestic violence, etc. Step by step, these initiatives turned out to be a commitment to public benefit (Haugh, 2020) for a long-lasting development for communities and their citizens.

We can easily notice, from the actual official documents, namely the *Annual implementation report* that before the European external funds programming period 2007–2013, the base of the social economy institutions in Romania was formed only by three entities (Ministry of European Funds, 2014) registered officially. In our literature review for the present paper we tried to find significant documents, books, articles or research related to social economy during the communist period or the immediate period after the revolution. All the documents related to the social economy in Romania that we managed to find were published after 2002. We did not find a proper explanation for this, but we can suppose that the domain of economy was not considered a priority for our country at that time; or even that there was no information regarding

the advantages that this can bring to our vulnerable people and even to our economy, labour market and reduced poverty rate.

From 2007–2014, the social economy in our country was much more developed than in the previous years. For example, numerous projects by both public and NGOs were implemented in national or international partnerships, focusing on the social economy. And after this period the established indicators of the program for social inclusion are shown in figure no.1 below. Some of the indicators were reached, for example, the indicator regarding “number of jobs created by entities of social economy” of 12,377 overfulfilled the established target of 5,000. At the same time, at the opposite corner, the indicator “number of participants in programmes qualification/requalification for vulnerable groups” did not reach its target of 240,900 as expected; only 51,069 was the number reached during that period (Government of Romania, 2014).

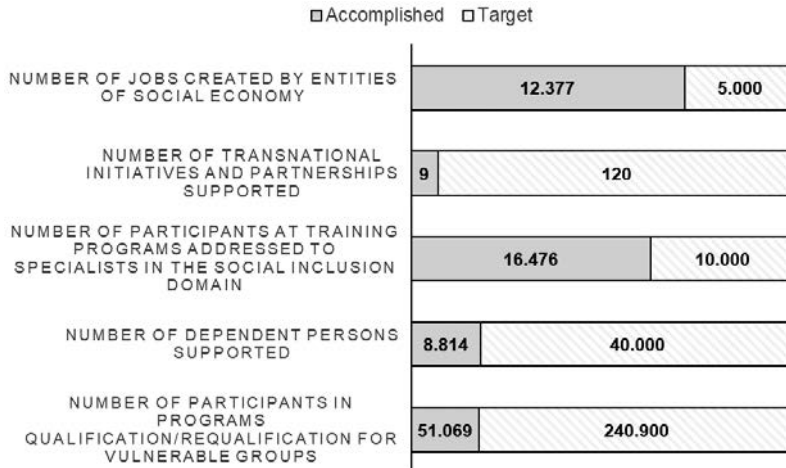


Figure 1. Indicators from European external funds programming period 2007–2014

Source: Ministry of European Funds, 2014; Ministry of European Investment and Projects, 2022¹⁶

¹⁶ The data are taken from the *Sectoral Operational Program “Human Resources Development” 2007–2013. Annual implementation report, 2014*, and *“POSDRU retrospective evaluation report in the field of social inclusion”, April 2021* (Monitorizare program, 2015). The project was co-financed by ESI Funds, through POCU 2014–2020, Priority Axis 7 Technical Assistance and implemented by the association: CIVITA Strategy & Consulting SA (leader), LIDEEA Development Actions SRL, ARCHIDATA SRL and GOLDBACH Primes SRL. We mentioned that we did not have an access to the official statistics from national entities regarding the social economy sector. Until publishing the present paper, it has been the only available official document relating to the indicators of the programme.

During the first call of the program period 2007–2014, the guidelines did not impose limitations as the next ones and so the applicants submitted projects focusing mainly on research on the social economy at the national level, courses for disadvantaged persons, vulnerable categories, national exhaustive analysis of the theme, scientific reviews. Also, job opportunities for vulnerable people and networks with specialists from other countries to share their expertise and best practices (Costas, 2020). During that period of time, projects that created university programmes in the social economy were implemented and it proved their social implication to this domain of action (Igual et al., 2020). For example, Alternative Sociale Association implemented a project *The model of the social economy in Romania* in partnership with the United Nations Development Program Romania, “Alexandru Ioan Cuza” University of Iași and the Academy of Economic Studies in Bucharest. Among the activities of this project was the implementation of postgraduate courses in the social economy for specialists working in social services from all over the country. The project ended with the Social Economy Laboratory, a centre of resources in the social economy, a scientific review on social economy included in international databases, postgraduate studies in the social economy organised by the two university partners and a national campaign on social economy.

There were many other NGOs and public entities that implemented projects and contributed to the development of the social economy in our country. To provide a few examples: The Foundation for The Development of Society (Rum. *Fundația pentru Dezvoltarea Societății Civile – FDSC*); Foundation “Alături de Voi” (Rum. *Fundația Alături de Voi – ADV*) from Iași; Social Economy Institute (Rum. *Institutul de Economie Socială*); Professional Non-Governmental Association for Social Work (Rum. *Asociația Profesională Neguvernamentală de Asistență Socială – ASSOC*); Minister of Labour, Family and Social Protection, Department of Family Policy, Inclusion and Social Work (Rum. *Ministerul Muncii, Familiei și Protecției Sociale – MMFPS, Departamentul Politici familiale, incluziune și asistență socială*) and many other.

After the implementation of projects during 2007–2014 and even now, in our country we are able to have an actual image of the social economy at the national level. Figure no.2 below shows the total number of 2,487 social economy entities existing in Romania until December 31, 2021.

If we have a close look at the image below we will be able to notice that in the North-East area there are only 302 social economy entities while in other areas there are more: North-West – 401, Centre – 534, South-East – 387. What is the reason for this difference? We believe that the main answer is that people are interested in developing their own community, they access the relevant information and there is a strong connection between local involvement of public organisations and public funds. All of the above can be taken into consideration when we try to explain why there are fewer social economy entities in this area compared to the nearby regions. We must not ignore the fact that the North-East area is also the least developed area of the country and it probably will need more time to get to the same level as the other regions.

The Single Register of Social Enterprises, which is administered by the National Agency for Employment (ANOFM) is the only governmental source of information updated in the domain of social economy. We also found different official sites

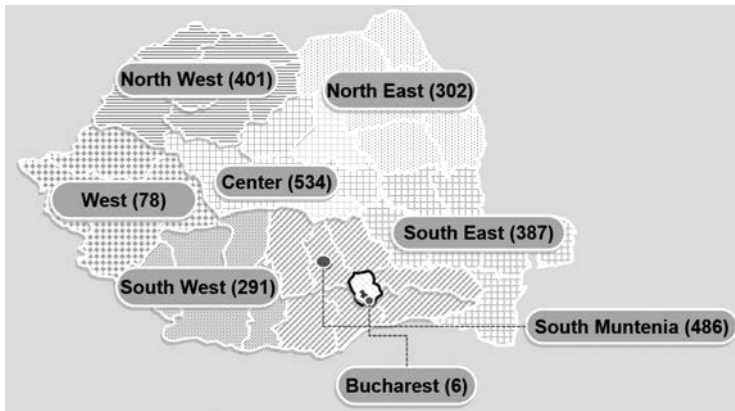


Figure 2. Number of social entities existing in Romania

Source: Single Register of Social Enterprises, edition of December, 31 2021

of the NGOs activating in the social economy domain that have some statistics, namely ADV (*Foundation`Alături de Voi` România*, 2022) which mentions that in Romania there are 5,302 NGOs that are active in the social economy sector. We were not able to confirm this information from the public institutions.

The social economy activity does not stop here. Even though a significant number of organisations acting in the social economy field are created, and many more will be developed in the near future (Petrova & Tarrow, 2007). We need solid legal regulations to clearly establish the framework of this domain.

Future directions of social economy in Romania

At the national level, large national events such as the Social inclusion fair “I am integrable, not negligible” (Rum. *Târgul de incluziune socială “Sunt integrABIL, nu neglijabil”*) are initiated where entities operating in the social economy domain may participate and share their expertise and best practices. This fair is hosted by the Minister of Labour of Romania. This Ministry organises also a selection process for the National Commission for the social economy where NGOs from Romania could apply. The declared winning candidate of this procedure was Foundation “Alături de Voi” (ADV).

The social economy sector in Romania has many steps to go forward and reach the levels of developed countries from the EU (Baturina, 2018). Even in the actual context of the COVID-19 pandemic period the social economy domain brought its expertise (Costas, 2020) and reinvented itself to contribute to the inclusion of vulnerable people and to create a stronger cohesion among people from different areas (Kwiatkowski, 2021).

In future directions for social policies that should be taken into consideration to improve and pass to the next step for social economy domain in Romania, there must be:

- a clearer legal framework for the social economy sector. A new step was made very recently by the issuance of the *Emergency Ordinance no. 33 from March 2022*;
- better promotion of social economy events (national or international ones);
- development of a governmental cloud for open data and centralisation of all the publications realised on the topic of social economy (national and even international level);
- clear statistics regarding the social economy and permanently actualised at the governmental level (similar and improved by the ones made by actual NGOs);
- accessible statistics for the interested persons on the topic;
- transparent information regarding the facilities that are present in the law and include new ones for increasing the job inclusion for vulnerable persons;
- measurement indicators on yearly evolution of the domain of social economy;
- periodical meetings with the NGOs and social economy entities to establish short, medium and long objectives that want to be reached by our country;
- increasing funds allowance for innovation and development of the social economy domain.

These are only some of the possible future directions that can be taken by the public organisations in our country in tight partnership with the non-profit sector (Polačková, 2020) and social economy entities. And also we must not limit them to those. We must take into consideration the permanent change in the social, economic and global dynamics of our daily times. The permanent information that changes also depends on the market and consumers' needs, new job opportunities and multidimensionality of the welfare state (Roosma et al., 2013) to which we must constantly evolve and innovate so that we bring the proper solution to specific problems.

Conclusions

Even though there is no clear definition of the concept of “social economy”, the elements that are found in each definition that was received during time keep the common elements: the principle of reciprocity, mutual help, social cohesion, community development, and social and economic improvement for everybody. The social economy in Romania as a former communist state has brought many welfare state changes. The membership of the EU and the financial opportunities contributed to establishing the legal framework for social economy in 2015, updated in March 2022 by *Emergency Ordinance no. 33*. This is an important step for this sector but there is much more to be done so that our country can solve the issues related to the job creation opportunities and involving persons from vulnerable groups in the economic and social domains, contributing to communities' development and granting access to vulnerable citizens to the resources and services that exist at the community level.

The social economy's main characteristics in Romania has its origin in different forms of organisation before defining this domain in our country. Romanians frequently used informal types of social economy, for example, the “box for needs” (Rum. *căsuță*) which had similar utility as the international actual social economy entities or national cooperatives. The principle was to put money together and after

a well-established period of time receive them without paying an interest rate or any kind of additional costs.

In Romania, similarly to the European social economy, the organisations focus on people, job opportunities for the vulnerable are created, social cohesion and area development is in place, and mutual services based on reciprocity, complementary to social security regimes, have already been offered by national institutions.

As a final conclusion, we are able to state that the social economy sector gives an opportunity for the development of local communities in the areas where they are implemented, as we can see from the presentations above. Also, the social economy sector in Romania evolved over the last 15 years in an upward trend, solving some of the issues that it faced. The recent actualisation of the legislation, *Ordinance no. 33* from March 2022 is another example that can be brought into attention.

This is a new domain in our country with many possibilities for innovation, development and which can bring a real contribution to the economic growth and social sustainability of the region and its citizens. The specialists from the non-profit, public or economic fields are very enthusiastic about the opportunities offered. They have already seen different directions of evolving and innovating to create some sustainable job opportunities for the vulnerable and competitiveness for the market at local, regional, national and international levels.

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Conditions Leading to the Development of the Post-Socialist Welfare States

Abstract

This study examines the conditions that explain the development of post-socialist welfare states. We investigated whether theories explaining the development of the Western welfare states applied to post-socialist countries and explored the unique features of the post-socialist welfare states. Methodologically, we use a Fuzzy-set Multiple Conjunctural Causation Analysis to determine the necessary and sufficient conditions for the expansion of social expenditure of 22 post-socialist countries from 2009 to 2011, considering that a single factor does not determine the development of the welfare states, but it can be explained in different ways using a combination of factors. The results revealed that economic growth, progress in democracy, and population ageing – which explain the development of the Western welfare states – explain the expansion

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of social expenditure in post-socialist countries. However, even in a country with economic growth and democratisation, the development of welfare states is slow when the socialist system is maintained for a long time.

Keywords: post-socialism, welfare state, social expenditure, fuzzy-set multiple conjunctural causations analysis

Introduction

Comparative studies on welfare states primarily focus on advanced capitalist states, as these countries have readily accessible rich data. However, the literature on the conditions leading to the development of the post-socialist welfare state is non-existent. Since the collapse of the Soviet Union, some Eastern and Central European countries have joined the European Union (EU) and the Organization for Economic Cooperation and Development (OECD), and efforts have been made to understand the characteristics of the post-socialist welfare state. While some studies have focused on the characteristics of post-socialist countries (Aidukaite, 2009, 2011; Cerami, 2010; Deacon, 2002; Ferge, 2001, 2002; Orenstein, 2008; Inglot, 2009), empirical research explaining the specifics of the social welfare efforts of post-socialist countries is lacking. Thus, the factors involved in developing transitional welfare states remain unclear.

The premise of this study is that social expenditure is determined by the various existing conditions within each country. It is difficult to explain the increase in social expenditure solely through the changes in individual factors. For example, while industrialisation causes social problems such as poverty and inequality, it can raise social spending by providing adequate resources. However, not all industrialised countries have the same level of social spending, and the level of social expenditure differs depending on other conditions. In other words, there is a possibility that we cannot obtain the same result despite the same conditions. Similarly, although the levels of social spending in some countries are similar, their conditions may not be the same. Furthermore, when considering the different contexts within capitalist and post-socialist states, their mode of operations may differ even when the same factors are involved. Reflecting that the development of the welfare states cannot be explained by any single factor, in this study, we use a Fuzzy-set Multiple Conjunctural Causation Analysis (FsMCCA) to determine the necessary and sufficient conditions to explain social expenditures expansion.

Adopting this analytical approach, we seek to discover similarities and differences between post-socialist and Western welfare states by examining the conditions that have jointly impacted the expansion of welfare expenditure and welfare state development. Specifically, the research questions were as follows: What were the conditions for expanding social expenditure in post-socialist countries? Were they similar to the conditions that had brought about the development of a Western welfare state? What are the distinguishing features of a post-socialist welfare state compared with a Western welfare state?

To preview the results, we found that, as shown in the necessary condition test, countries with high levels of social expenditure have high levels of economic development, advanced democracy, and an ageing population. According to the verification of sufficient conditions, post-socialist countries with a short socialist period, high

economic development, advanced democracy, ageing, and a high trade ratio can lead to a high level of social expenditure. However, even in a country with economic growth and democratisation, the development of a welfare state is slow when the socialist system is maintained for a long time. Therefore, the development of the post-socialist welfare states is explained by a combination of industrialisation, democracy, structural functionalism, and globalisation theories, all of which explain the Western welfare states. Still, from the perspective of historical institutionalism, the shorter the socialist experience, the higher the possibility of higher social expenditure.

Literature review

After Eastern European countries joined the European Union in the 2000s, access to various statistical data improved, and attempts to analyse the social security characteristics of European countries in transition increased. Most studies have tried to identify the uniqueness that distinguishes them from Western welfare states based on their socialist heritage (Aidukaite, 2011; Cerami & Vanhuysse, 2009).

For instance, Aidukaite (2009, 2011) argues that post-socialist welfare states are part of the new welfare regime based on universalism and solidarity born during socialism. Specifically, social insurance is the central social security system; like the socialist period (Inglot, 2009), it provides high coverage, but the benefit level is low. Cerami (2010, pp. 244–245) underlines pension reforms taken up to restore Bismarckian tradition based on labour duty and status-preserving benefits in post-socialist countries after the transition. However, Deacon (2002), Ferge (2001, 2002), and Orenstein (2008) compare these Bismarckian features to the conservative regime in Esping-Andersen's (1990) existing typologies and stress that the liberal characteristics in these countries were considerably inspired by international organisations. Fenger (2007) notes that the development of countries in transition should be considered with respect to the features of each country (Bohle, 2007; Lendvai, 2008). However, there is a lacuna in the available empirical analysis of the characteristics of each post-socialist welfare state as well as the factors that explain the development of the welfare states in transition countries.

Therefore, we analyse the factors leading to the development of post-socialist welfare states. Additionally, we empirically demonstrate the similarities and differences of the Western welfare states to understand their characteristics better. Towards this end, we have examined the factors that explain the development of Western welfare states. As the development of a welfare state can be interpreted in various ways by combining multiple factors, we examine which combination explains the development of post-socialist welfare states. Extant literature on the factors that decode the development of the Western welfare states has been reviewed in the next section.

Previous studies on the development of Western welfare states

The theory of industrialisation, which started with Wagner's (1958) "law of an increasing public sector" (pp. 1–8), explains that the higher a country's level of economic development, the higher the welfare expenditure, and the more the development

of the welfare state. In other words, the development of a welfare state can be described as solving a new “social need” in industrialised societies through “resources” enabled by industrialisation (Wilensky & Lebeaux, 1966; Wilensky, 1974). In this theory, economic growth is the primary factor explaining the development of a welfare state. According to this, gross domestic product (GDP), per capita GDP, gross national income (GNI), and economic growth rate are the main indices that measure industrialisation. While controlling for other factors that explain welfare states’ development, early studies supported industrialisation theory to identify welfare states’ development (Cutright, 1965; Wilensky & Lebeaux, 1966; Wilensky, 1974). As countries in transition were also industrialised, social problems such as poverty and inequality might intensify, which were not addressed during the socialist period. However, they can free themselves from chronic resource scarcity (Deacon, 1993; Kornai, 1992; Rosser & Gores, 1995) and secure adequate economic resources, increasing social spending.

Second, structural functionalists focus on changing the demographic structure; the shared content expands social spending to care for the elderly and children, a need arising from the increasing number of nuclear families and single elderly households. Specifically, it was noted that an ageing population and an increase in the demand for care for the elderly had led empirically to an increase in social expenditure (Wilensky, 1965; Beblavy, 2011; Ahn & Lee, 2012). In the 2000s, responding to the needs of the elderly became more critical as the population aged in post-socialist countries (Botev, 2012), and it is necessary to examine how this has affected social expenditure empirically.

Third, some studies on post-socialist welfare states examine the importance of the welfare system and institutional constraints from international organisations such as the International Monetary Fund (IMF) and the European Union (EU) (Deacon, Hulse, & Stubbs, 1997; Orenstein, Bloom & Lindstrom, 2008), while other studies suggest that globalisation may have an impact on the development of the welfare system in these countries. On the one hand, international organisations have called for the adjustment of social security benefits such as income replacement rates and benefit periods, restructuring of state-owned enterprises, sale of state-run banks, and privatisation of social security schemes in post-socialist countries as a condition for providing aid. Over the past 20 years, post-socialist countries have generally completed restructuring state-owned enterprises and reducing social security benefits and periods to eliminate the institutional remnants of socialism. On the other hand, the regulation of restructuring by international organisations has led to new social security systems for dealing with unemployment and poverty, which has not been considered in the socialist system. Additionally, the shift from a planned economy to an open market economy increased the national income of post-socialist countries during the transition process. Thus, they could increase their social expenditure after the transition.

From the perspective of historical institutionalism, the institutional legacy of the past will continue to have an impact on the future. For example, the legacy of the socialist era, which had a social insurance system that centred on the public social security system, was maintained even after the transition (Deacon, 1993; Esping-Andersen, 1996; Ferge, 2001, 2002; Standing, 1996; Orenstein, 2008; Inglot, 2009). As recipients gain social insurance benefits in return for contributions,

it is particularly challenging to stop this practice. Additionally, social insurance benefits increase with an ageing population.

Meanwhile, remnants of the past totalitarian political system may impede the development of the welfare states (Tsou, 1987). Socialist countries tried to build a universal welfare society; in reality, they faced challenges in expanding social expenditure in the form of chronic economic resource shortages. The longer the period of socialism, the slower the increase in social expenditure (Ko & Min, 2019). The progress of democracy can drive the development of the transitional welfare states because popular opinion is reflected more in a democratised society; thus, the government tries to develop welfare policies (Tilly, 2007). It is meaningful to examine the effect of democracy on social expenditure because the progress of democracy differs among post-socialist countries, such as the Visegrad Group, the Czech Republic, Hungary, Poland, and Slovakia, which are the developed democracy, and the Commonwealth of Independent States (CIS), including Russia, which has a relatively less developed democratic system.

Methodology

This study explored the conditions leading to the high social expenditure of 22 post-socialist countries: Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Slovenia, Tajikistan, and Ukraine, which had experienced a post-socialist system transition from 2009 to 2011².

Since Wilensky (1974) defined social expenditure per capita as a “social security effort” (p. 23), it has been widely used to measure a country’s welfare development because of its high accessibility (Bonoli, 1997, 2005). Social expenditure has been criticised as insufficient as a proxy for the development of the welfare states because it does not adequately capture its generosity (Marshall, 1964; Esping-Anderson, 1990, 1996; Scruggs & Allan, 2008). Nevertheless, in this study, it is the only accessible indicator that encompasses various post-socialist welfare states. The value of social expenditure by post-socialist countries is based on the “Social Protection Spending” of the Government Finance Statistics (GFS) annually published by the IMF. This is valuable because it is the only international comparative dataset covering all transitional countries. However, the IMF does not report on Armenia, Kyrgyzstan, or Tajikistan; therefore, we used the Social Security and Welfare Spending report of those countries from the Asian Development Bank (ADB).

As mentioned earlier, the development of the welfare states can be explained by combining various factors; we adopted the FsMCCA to identify the conditions of high social expenditures in post-socialist countries. This method verifies the necessary and adequate conditions based on set theory, which must be determined as a subset of the result (sufficient condition) or for which conditions the cause is always present if the result exists

² We use the average from 2009 to 2011; however, as the BTI democracy index is measured every two years, the average of the three periods of 2008, 2010, and 2012 was used.

(necessary conditions). Thus, causal conditions that lead to the development of post-socialist welfare states are multiple conjunctural causations in which two or more conditions combine to establish a causal relationship (Ragin, 2000, 2014).

We considered six causal conditions. First, we used per capita GDP (PPP) as a proxy for industrialisation and Bertelsmann Stiftung's Transformation Index (BTI) for democracy. The proportion of persons older than 65 was also included as a proxy for structural functionalism. The share of global trade (import + export) to twice the GDP was used as a proxy for globalisation. The duration of the five central social security systems (total implementation year of public pension, sickness allowance, unemployment insurance, occupational accident insurance, and family allowance)³ and the period of socialism were proxies for historical institutionalism. Table 1 presents the definitions

Table 1. Definitions and sources of variables

	Variables	Definition	Source
Result Set	Social expenditure ¹	The proportion of social expenditure by GDP (Excluding health and education expenditure)	GFS (IMF), ADB
Causal Set	Economic development	GDP (PPP) per capita	WDI (World Bank)
	Democracy	States (monopoly on the use of force, state identity, no interference from religious dogma, basic administration)	BTI
		Political participation (free and fair elections, effective power to govern, association/assembly rights, freedom of expression)	
		Rule of law (separation of powers, independent judiciary, prosecution of office abuses, civil rights)	
		Stability of democratic institutions (performance of democratic institutions, commitment to democratic institutions)	
		Political and social integration (party system, interest groups, approval of democracy, social capital)	
	Elderly population	The proportion over 65 years old by total population	WDI (World Bank)
	Globalisation	Trade rate (import + export) by 2*GDP	WDI (World Bank)

³ Although not explicitly arguing that the term “duration of social security system” is an institutionalist view, many studies use the variables and the period of the first introduction as proxy variables for institutionalism (Alber & Flora, 1981; Kudrle & Marmor, 1981; Pierson, 1998; Hort & Kuhnle, 2000; Saint-Arnaud & Bernard, 2003).

Table 1 – *continued*

	Variables	Definition	Source
Result Set	Social expenditure ¹	The proportion of social expenditure by GDP (Excluding health and education expenditure)	GFS (IMF), ADB
Causal Set	Duration of social security system ²	Sum of enforcement period of five social security systems (pension [elderly, disability, survivor pension], sickness insurance, occupational accident insurance, unemployment insurance, family allowance)	ISSA
	Socialism period	Year of the dismantling of socialism	Author's own calculation

Source: ADB, 2016; Bertelsmann Stiftung, 2016; Freedom House, 2016; ILO, 2016; IMF, 2016; WDI, 2016.

¹Data from EXP (Social Expenditure): Albania (the value for 2009 is not provided, but replaced by the average value), Kazakhstan and Croatia (the value for 2012 is not provided, but replaced by the average value; the values for Croatia are extracted from the GFS_Central Government). The sources of the social expenditure of Armenia, Kyrgyzstan, and Tajikistan are the ADB. The ADB Social Security and Welfare values are classified according to GDP.

²Author's calculation. Sum of five social security systems (2011–year of each law enacted).

and sources of the variables. The crossover point of the cause and result condition calibration was the median. We choose median rather than mean because it is the criterion that distinguishes affiliation from non-affiliation (Ragin, 2008a). Other fixed axes for calibration are each condition's maximum and minimum values to utilise all the information in the data in the transition country and decrease arbitrariness in choosing breakpoints. The values used to obtain the fuzzy scores are presented in Table 2.

Ragin (2006) proposed two criteria for verifying set relations – consistency and coverage. The former evaluates the degree to which the researcher's argument is supported, while the latter verifies the extent to which the cases included in the study can be explained by the researcher's argument (Ragin, 2008a, pp. 44–45). As recommended by Ragin (2006, 2008a), both consistency and coverage were verified to confirm the set relationship, and each value was presented and interpreted.

A benchmark that can be considered as a verification criterion should be selected for consistency verification. We applied the conventional criterion 0.80, as a value greater than this is almost always a sufficient condition as the benchmark, according to Ragin (2000, p. 109). The verification of consistency was divided into Y-consistency and N-consistency. The Y-consistency test checks how significantly the model differs from a benchmark, and the N-consistency verifies the significance of the differences between whether the X-set is a subset of the Y-set or the X-set is a subset of the complementary Y-set. In this study, the only configurations that passed both tests simultaneously were analysed. Moreover, to make the result as simple as possible, although it passes two consistency conditions, we report the Minimum Configuration Reduction Set based on intermediate solutions in the baseline analysis recommended by Ragin (2008b, p. 79).

Table 2. Fuzzy scores of main index

Nation	Result Set	Causal Set					
	EXPF	GDPF	DEMF	AGEF	TRAF	YISF	SOPF
Albania	0.1776	0.2016	0.4063	0.2469	0.2576	0.4044	0.2488
Armenia	0.1364	0.1084	0.1455	0.2727	0.1029	0.5450	0.6623
Azerbaijan	0.1356	0.2402	0.0569	0.0934	0.1853	0.3518	0.9159
Belarus	0.5052	0.4520	0.0596	0.4901	0.7984	0.4500	0.9159
Bulgaria	0.5157	0.4724	0.7777	0.9524	0.6479	0.8791	0.0856
Croatia	0.6525	0.7520	0.7405	0.9197	0.2041	0.4872	0.3837
Czech Republic	0.5101	0.9382	0.9499	0.7130	0.7600	0.9247	0.1138
Estonia	0.7159	0.8085	0.9409	0.9161	0.9111	0.5692	0.5458
Georgia	0.1239	0.0943	0.2448	0.5251	0.2559	0.1412	0.9249
Hungary	0.9075	0.8194	0.8516	0.8629	0.9526	0.9313	0.0474
Kazakhstan	0.0618	0.3571	0.0657	0.1127	0.1632	0.0844	0.8829
Kyrgyzstan	0.0598	0.0512	0.1326	0.0640	0.8092	0.8859	0.9159
Latvia	0.4964	0.6392	0.8019	0.9526	0.5144	0.3625	0.5458
Lithuania	0.6439	0.7379	0.9137	0.7286	0.8158	0.5123	0.3123
Moldova	0.6245	0.0613	0.3140	0.3068	0.6714	0.1133	0.3123
Poland	0.8306	0.7874	0.8553	0.4621	0.2205	0.4802	0.1497
Romania	0.3207	0.5287	0.7234	0.6286	0.1608	0.4965	0.1497
Russia	0.4317	0.8190	0.1372	0.4321	0.0474	0.9526	0.9526
Slovakia	0.4293	0.8926	0.8906	0.3781	0.9408	0.9247	0.1138
Slovenia	0.9155	0.9526	0.9526	0.8582	0.7653	0.8440	0.3837
Tajikistan	0.0474	0.0474	0.0474	0.0474	0.1341	0.0474	0.8221
Ukraine	0.9526	0.1334	0.3090	0.7634	0.4844	0.9373	0.9159

What are the conditions for the expansion of social expenditure in post-socialist countries?

Theoretically, there are $64(2^6)$ possible configurations; however, only 16 combinations exist (Table 3). Among these, eight cases were identified by considering a country with high social expenditure if there was more than one case and the coherence value was higher than 90. The most consistent cases are high economic growth, mature democracy, high elderly population ratio, high trade rate, extended social security period, and short socialism period, abbreviated as GDATYs, characterised by the highest number of cases (4) with a high consistency value of 0.960. The optimal cases are the Czech Republic, Hungary, Lithuania, and Slovenia. Second, high economic growth, mature democracy, high elderly population ratio, low trade rate, short social security period, and short socialism period (GDatys) characterise two cases, Croatia and Romania, with a high consistency value of 0.940.

Table 3. Truth Table

Configurations	Causal Set						Result Set	Number of Cases	Consistency	Best Fit Case
	G	D	A	T	Y	S	E			
	GDPF	DEMF	AGEF	TRAF	YISF	SOPF	EXPF			
	1	1	1	1	1	1	1			
GDATYS	1	1	1	1	0	1	1	1	0.992	EST
GDATyS	0	1	1	1	1	0	1	1	0.985	LVA
gDATYs	1	1	0	0	0	0	1	1	0.973	BGR
GDatys	1	1	1	1	1	0	1	1	0.969	POL
GDATYs	1	1	1	0	0	0	1	4	0.960	CZE, HUN, LTU, SVN
GDatys	1	1	0	1	1	0	1	2	0.940	HRV, ROM
GDaTYs	0	0	1	0	1	1	1	1	0.925	SVK
gdAtYS	1	0	0	0	1	1	0	1	0.920	UKR
GdatYS	0	0	0	1	0	0	0	1	0.890	RUS
gdaTyS	0	0	0	1	0	1	0	1	0.887	MDA
gdaTyS	0	0	1	0	0	1	0	1	0.832	BLR

Table 3 – continued

Configurations	Causal Set						Result Set	Number of Cases	Consistency	Best Fit Case
	G	D	A	T	Y	S	E			
	GDPF	DEMF	AGEF	TRAF	YISF	SOPF	EXPF			
	1	1	1	1	1	1	1			
gdAtyS	0	0	0	1	1	1	0	1	0.790	GEO
gdaTYS	0	0	0	0	1	1	0	1	0.727	KGZ
gdatYS	0	0	0	0	0	0	0	1	0.726	ARM
Gdatys	0	0	0	0	0	1	0	1	0.718	ALB
gdatyS								3	0.451	AZE, KAZ, TJK

Next, according to the results of the verification of necessary conditions (benchmark ≥ 0.80 , $p < 0.10$), no one passed the Y-consistency test result (Table 4). In contrast, three conditions meet the necessary conditions that high social expenditure usually needs – economic development, the progress of democracy, and an ageing population. The coverage of each was high: 0.836 for economic development, 0.821 for democracy, and 0.893 for the elderly (Table 5).

Table 4. Results of the Y-consistency test

Necessary Condition	Verification Criterion				Coverage	Result	
	Y-Con	Benchmark	F-value	p-value		($p < 0.05$)	($p < 0.10$)
GDP	0.782	0.8	0.11	0.748	0.836		
DEM	0.739	0.8	1.37	0.255	0.821		
AGE	0.777	0.8	0.18	0.672	0.893		
TRA	0.735	0.8	0.90	0.352	0.779		
YIS	0.699	0.8	1.71	0.205	0.845		
SOP	0.503	0.8	9.08	0.007	0.558		

Table 5. Results of the N-consistency test

Necessary Condition	Verification Criterion				Coverage	Result	
	Y-Con	N-Con	F-value	p-value		(p < 0.05)	(p < 0.10)
GDP	0.782	0.563	3.51	0.075	0.836		Pass
DEM	0.739	0.505	4.03	0.058	0.821		Pass
AGE	0.777	0.551	3.85	0.063	0.893		Pass
TRA	0.735	0.581	1.33	0.261	0.779		
YIS	0.699	0.599	0.47	0.501	0.845		
SOP	0.503	0.786	2.94	0.101	0.558		

Furthermore, according to the verification of sufficient conditions, the Y-consistency test indicated that 49 combinations passed, whereas the N-consistency verification of sequences that passed the Y-consistency verification indicated that only two of the 49 sequences passed the given verification criterion ($Y\text{-con} \geq N\text{-con}$, $p < 0.05$). Thus, there are two sets of sufficient conditions for causal combinations that pass both the Y-consistency and N-consistency tests on the sufficient conditions for social expenditure, but the GDATys combination has no best fit.⁴

Table 6. Results of the Y-consistency and N-consistency tests on sufficient conditions

Set	Y-Con	Benchmark	F-value	p-value	N-Con	F- value	p-value	Number of Best Fits
GDATys	0.992	0.800	669.56	0.000	0.873	5.69	0.027	0
GDATYs	0.960	0.800	23.81	0.000	0.671	5.76	0.026	4

⁴ We attempted to analyse sufficient conditions, including arranging casual combinations without a best case, for three reasons. First, Ragin (2000) argued that all cases had partial membership in the attribute space, even though they did not find real cases that fit that space; that is, theoretical explanations are possible or can be included in the analysis if raw data is proper. Second, the GDATys combination can be explained with GDATYs using the four best cases because it enables a richer interpretation through the minimisation process. Third, we determined the cause combination of GDATys, a combination of fuzzy points. The belonging score of the combination for Latvia is close to the branch point of 0.4856, we included this case.

The two causal combinations are GDA_Ts and GDA_TYs, abbreviated as one cause combination (GDATs) through the following minimisation process. That is, a short history of socialism, high economic growth, advanced democracy, large elderly population, and high trade ratio indicate high social expenditure.

According to the results, to achieve welfare development, each country should have a strategy to increase economic growth by strengthening the developed market economy system, such as improving the efficiency to liquidate the remnants of the planned economy and inducing free competition in the market. Next, it is the cornerstone of the welfare states that the stability of democratic institutions is based on policy decision-making by citizens who participate through freedom of expression, freedom of association, separation of powers based on an independent judiciary, strict punishment of power abuse, and the freedom to form political parties and interest groups. Moreover, coping with an ageing population is a challenge to be solved in post-socialist countries; primarily, they treat increased spontaneous social expenditure on the elderly as a response to an ageing population. Finally, the post-socialist welfare states must become more competitive through active involvement in the global economy. Thus, efforts are needed to overcome the negative legacies of socialism.

Case review of the development of the post-socialist welfare states

In the Fuzzy-set Quality Comparison Analysis, an in-depth interpretation of the case is critical (Ragin 2000, pp. 147–159). Therefore, the cases of Slovenia and Lithuania were analysed.

Except for a small number of cases, most cases can be found at the top of the diagonal in the scatter plot, where the Y-axis is the result condition, and the X-axis is the combination of sufficient conditions. That is, FsMCCA shows high consistency, especially for Slovenia, Hungary, Bulgaria, Latvia, and Estonia, which are located on the right edge of the diagonal and are the best cases described by the causal combination. Whereas the CIS is generally located above the left-side diagonal, it shows a relatively low level of explanation compared with EU countries, although the combination of sufficient condition causality could explain this. However, four countries – the Czech Republic, Lithuania, Albania, and Kazakhstan – are below the causal combination's diagonal. These countries have relatively low coverage.

The best fit cases were EU countries, including the Visegrad Group and Slovenia. For instance, under the control of the Austro-Hungarian Empire, Slovenia experienced capitalism considerably earlier. In political terms, Slovenia maintained its cabinet system until 1929, thus laying the foundation for democracy. After the one-party system, women and labour movements were active, and these civil movements were later linked to anti-fascist movements. In the socialist era, Slovenia tried to protect its independence rather than being unilaterally submerged by the Soviet system (Svetlik, 1993, pp. 4–5). They attempted to centralise their democracy through the independent management of workers, which was also beneficial for the settlement of democracy after the post-socialist era (Bohle & Greskovits, 2007, p. 452). Even during the socialist period, much of the self-farming and private market were maintained,

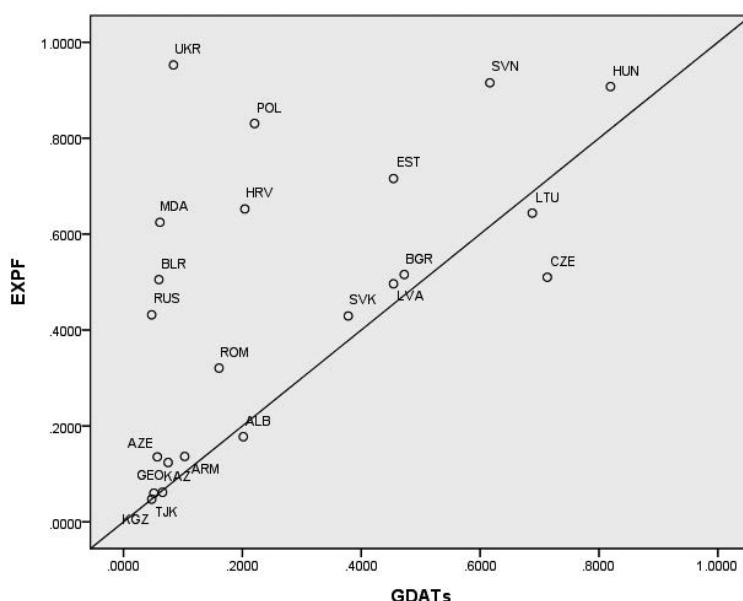


Figure 1. Scatter plot of social expenditure and sufficient conditions

and direct trade was being conducted with Western Europe. After the post-socialist era, the transition to a gradual capitalist market economy was promoted, and the people enjoyed a high level of welfare through accumulated free trade experience and geopolitical advantages.

However, Lithuania had been under the interference of Russia from before the actual rule of Soviet union, so industrialisation had slowed down, and it had not been able to establish a functional parliamentary democracy. During the socialist period, it seems to have achieved a higher level of economic development than average among other countries in the Soviet Union (Gregory & Stuart, 1990, p. 44), but the political system was the totalitarian system under the Soviet Union. After the collapse of the Soviet Union, Lithuania introduced a radical transition to a market economy and parliamentary democracy, in which excessive inflation and other problems were mass-produced. Lithuania followed the Western European model by joining the EU rather than the CIS and demonstrated the nature of a liberal welfare state system that emphasised individual responsibility rather than that of the state.

Conclusion and discussion

This study examined the conditions that explain the development of post-socialist welfare states. We investigated whether theories elucidating the development of the Western welfare states apply to post-socialist countries and explored the unique

features of the post-socialist welfare states. Methodologically, we used a the FsMCCA to determine the necessary and sufficient conditions for the expansion of social expenditure, considering that a single factor does not determine the development of the welfare states, but it can be explained in different ways by a combination of factors.

The primary results of this study are as follows: First, the necessary conditions were identified as the level of economic development, democracy, and elderly population. High social expenditures require high economic development, high levels of democracy, and a large elderly population. To be a welfare state, post-socialist countries should have achieved economic development, built democracy, or a large elderly population ratio. Second, the conditions were shortened to set GDATs. In other words, with the history of a short socialist period, post-socialist countries with high economic growth, democracy, elderly population ratio, and trade ratio demonstrated high social expenditure.

This study has several important theoretical implications. Welfare states' development can be explained by a combination of theories focusing on economic factors, namely, the theories of industrialisation, structural functionalism, and globalisation, as well as theories focusing on political factors, such as democracy and the historical institutionalism perspective. This study concludes that the theory of the development of the welfare states in the West can explain the development of the welfare states in the East. In other words, it can be inferred that the development path of the Eastern welfare states is similar to that of Western development. In particular, countries such as the Visegrad Group and Slovenia, which had already experienced capitalist market economies and parliamentary democracies before socialism, showed strong resilience after the transition.

In terms of comparative social policy studies, the theoretical and methodological contributions of this study are as follows: First, applying the theories of welfare states' development that explained the West to Eastern Europe contributed to a meaningful expansion of the theory. This new approach can serve as a starting point for various theoretical borrowings from the West that can then be re-purposed to fit the condition in the East European welfare states.

Second, this study contributes methodologically to comparative social-policy research. Existing comparative studies on post-socialist welfare states have not included as many countries in the analysis as this study, especially in terms of including Central Asian countries. Additionally, previous studies have developed the post-socialist welfare states as a specific theory and have not explained the development of the welfare states as a combination of various theories. This study used the FsMCCA to achieve the methodological goal of expanding cases and combining theories. This study adopts this as the main research method because the target of this study is not the typical 2–3 countries, but 22 middle-class cases. Specifically, as analytical countries are not homogeneous, we can simultaneously analyse the differences in type and degree, which are the advantages of FsQCA – identifying heterogeneous attributes.

Although this study has various theoretical and methodological advantages, it could be improved. As for suggestions for follow-up studies, the various theoretical approaches to explaining welfare development in post-socialist countries need to be expanded. Theories not covered in this study, such as monopoly capitalism, social

democracy theory, interest group politics theory, and the state-centred approach, should be explored to explain the post-socialist welfare states. Subsequent studies on the development of a post-socialist welfare state should include various political actors. Furthermore, by analysing the intrinsic factors of the post-socialist state from the point of view of the inherent history of the development of the welfare states, it will be possible to empirically consider the path of dependence or deviation of the welfare system in the post-socialist state. From a methodological perspective, it is necessary to expand to post-socialist countries in Southeast Asia that were not included in this analysis through data acquisition.

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*From nationalism to educational divide?
Party positions and voters' profiles on welfare state
issues in Estonia and Latvia in the 2010s*

Abstract

This paper studies electoral dynamics in Estonia and Latvia in the years 2011–2019 by juxtaposing political supply with political demand in the welfare state issue. The article contributes to the theory of two-dimensional policy space, which has been widely studied in the context of mature welfare states. We show, using Estonia and Latvia as examples, that this framework can be extended to explain electoral dynamics in contemporary post-communist Eastern Europe. Empirically, we found that despite the temporary prominence of the distributional divide, the socio-cultural dimension has preserved its dominance in political supply and demand. While distinctive voters' profiles are detectable in both countries, stable party constituencies are not formed behind those divisions and the strongest predictor that distinguishes voters is the level of education. Thus, the strong legacy of the socio-cultural cleavage in combination

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with renewed saliency of immigration and EU integration issues still constrains Estonian and Latvian party politics.

Keywords: two-dimensional policy space, nativism, voter preferences, party manifestos, Latent Class Analysis, Estonia, Latvia

Introduction

Continuity and change in the patterns of political competition for voters and parliamentary seats have ever inspired the research of political scientists. Recent fundamental changes in economies, labour markets and cultural identities in Western Europe have once again raised the importance of these issues (see for example Beramendi et al., 2015; Häusermann et al., 2013; Manow et al., 2018). A common claim of political science is that two key dimensions of the post-industrial policy space, the socio-economic and the socio-cultural, are transformed and increasingly interwoven. Consequently, preferences in the socio-cultural dimension assumed to capture identity politics, often predict preferences in the socio-economic dimension and vice versa. Factors that load these dimensions have also become more diverse (Häusermann & Kriesi, 2015) and regionally specific (Manow et al., 2018). While this theoretical framework has been elaborated on and tested in the established democracies, the knowledge is much scarcer regarding the new democracies in Central and Eastern Europe (CEE). As Tucker (2015) aptly stresses, the theoretical rationale for including the CEE countries in comparative studies has been increasing, and the time has come to move from purely empirical comparative studies to theoretically grounded analyses. The concept of a multidimensional policy preferences space (Beramendi et al., 2015; Kitschelt, 1994) promises to be an interesting choice to be tested from the CEE perspective.

Our article explores the importance of socio-economic (distributional) and socio-cultural (identity) dimensions in structuring the policy space in two former Soviet republics – Estonia and Latvia – countries that share similar Soviet legacies but took somewhat different reform routes in transition to the market economy and democratic polity. Compared to mature welfare states in Western Europe, distributional and identity preferences have different roots and timing in these Baltic countries. The ethnocentric nation-building narrative strongly structured identity politics since the early transition period (the 1990s) because both countries inherited from the Soviet period a large Russian-speaking immigrant population (Bohle & Greskovits, 2012; Rovny, 2014). In Western Europe, differently, identity politics only became a driver of the socio-cultural divide since the migration crisis of 2015. Shifts in distributional preferences and class-based voting in mature democracies are related to the shrinkage of mainstream left-wing parties due to de-industrialisation (Abou-Chadi & Wagner, 2019; Gingrich & Häusermann, 2015). The saliency of the socio-cultural dimension driven by migration crises and interwoven with the growing diversity of the working class offered a new opportunity for right-wing parties to gain power (Mudde, 2019) and forced their left-wing counterparts to re-establish their positions (Abou-Chadi et al., 2021). In Estonia and Latvia, left-wing parties also struggle with shrinkage but

the content and timing differ from the West. First, left-wing ideologies were discredited by the Soviet regime (Saarts, 2011). Second, de-industrialisation and the decline of the working class occurred in the Baltic region later, during the market reforms in the 1990s. Besides these commonalities, Estonia and Latvia had important differences in restructuring their economies. Estonia took a more radical approach to privatisation, monetary reform and reorientation from an industrial to a service sector. Latvia was more conservative and kept the economy focused on transport and logistics and allowed privatising enterprises to citizens from the former Soviet elite (Norkus, 2011). Based on these choices in market reforms, the formation of the new middle class also occurred somewhat differently in each country. In Estonia, the foundations of the emerging middle class were primarily the booming internet technology and banking sector, whereas in Latvia the emerging middle class was expanding in the industrial and logistics sectors (Avlijaš, 2020). So, the interplay of socio-economic and socio-cultural dimensions of political space in Estonia and Latvia have a more complex layering, and somewhat different drivers and timing compared to Western Europe.

The corpus of literature provides us with some data on voters' preferences in the Baltic region during the transition period (Evans & Whitefield, 1993; Mair, 1989; Saarts, 2011), while the knowledge of recent developments is scant. Furthermore, there are two shortcomings. First, studies tend to focus on socio-cultural (ethnic- and identity-related) preferences neglecting the distributional themes and their entwinement with identity issues in party manifestos. Second, party positions are often analysed as being detached from voters' behaviour leaving us with a one-sided picture of electoral dynamics. Our article aims to fill this gap by studying the electoral politics in Estonia and Latvia in the years 2011–2019 and juxtaposing the salient issues in party manifestos (political supply) with the policy preferences of voters (political demand). This approach contributes to a better understanding of pro-welfare coalitions and a better grasp of social policy reforms in post-communist CEE.

We pose two research questions. First, based on the successful transition to the market economy and stabilisation of the social class structure, we ask whether the socio-economic dimension (distributional dilemmas) has gained prominence over the socio-cultural dimension (identity dilemmas). Secondly, we ask which of those two dimensions distinguishes voters' preferences and which predictors are behind those preferences.

The article starts with presenting the concept of two-dimensional political space in Western Europe and discussing the relevance of these accounts for Estonia and Latvia. We then proceed with the empirical analysis to answer our research questions. First, we investigate the main patterns of political supply along the socio-economic and socio-cultural dimensions and show how these patterns have evolved across three waves of parliamentary elections in the years 2011–2019. Second, we analyse political demand by comparing the importance of socio-economic (distributional) issues to socio-cultural ones. More specifically, by applying Latent Class Analysis (LCA) and LCA regressions we investigate voters' profiles based on their policy preferences in selected socio-economic and socio-cultural issues, as well as the main determinants behind those preferences. The concluding section discusses the key empirical findings and theoretical implications.

Concept of two-dimensional policy space and its applicability in contemporary Baltic States

In Western Europe, distributional issues have been associated with attitudes towards the welfare state. The general view here is that left-wing parties and voters are pro-welfare, whereas right-wing parties and their constituencies are anti-welfare. Yet, as Pierson (2001) argues such a broad approach is insufficient today because there is general public support for the welfare state and all political parties across the entire political spectrum include welfare issues in their manifestos, in an adjustment to the voter demand. The emergence and success of radical right-wing parties in the second half of the 2010s did not change this general trend and rather fuelled the entwinement of socio-economic and socio-cultural issues (Halikiopoulou & Vlandas, 2020). Mainstream right-wing parties have made a pro-welfare move, whereas mainstream left-wing parties have moved their manifestos away from the traditional protectionist working-class platform toward the middle class and an activation paradigm to respond to the new social risks of the post-industrial era (Gingrich & Häusermann, 2015). Thus, in the socio-economic dimension, political parties are becoming closer, which makes it harder for voters to decide on their party affiliation based only on distributional issues. Therefore, the socio-cultural dimension that captures the openness-closeness dilemma and identity politics gains importance in complementing the conventional left-right (socio-economic) dimension of party positions and voter preferences (Häusermann & Kriesi, 2015; Manow et al., 2018; Kostelka & Rovny, 2019). Although identity politics, boosted by the 2015 immigration crisis, was initially the playground of the populist challenger parties, it later became the main driver of the socio-cultural divide (Hobolt & Tilley, 2017; Hooghe & Marks, 2017). Thus, in Western Europe, identity issues have gained more prominence than before, although this shift has occurred relatively recently. Furthermore, along with the growing diversity of class-based constituencies, the education divide indicates the divergence of high- and low-educated voters' preferences across all dimensions of policy space (Ansell & Gingrich, 2021; Attewell, 2021; Beramendi et al., 2015).

To what extent do these transformations in mature welfare states have relevance for Estonia and Latvia?

Let us first look at the *socio-economic dimension* of policy space associated with the design of the welfare state and class-based voting. Kitschelt and Rehm (2018) claim that the generosity of the welfare state and the high polarisation of the party landscape on distributional issues facilitate the dominance of the socio-economic dimension over the socio-cultural one. Neither of these structural preconditions exists in Estonia and Latvia. A low level of social expenditures makes all parties and all voters regardless of their left-right preferences advocate welfare expansion (Toots, 2022). Due to discrediting of the mainstream political left by the Soviet legacy, the right-wing parties (including the populists) adopted welfare issues and shaped the policy supply accordingly. As a result, despite the overall high demand for welfare policies

among the Baltic electorate (Roosma & Oorschot, 2017), Estonian and Latvian voters tend to consider national economic competitiveness and the national way of living more important than social cohesion (see Appendix 1). Tavits and Letki (2013) claim that right-wing parties in post-communist countries try to avoid distributional debates and for this purpose emphasise identity issues. These authors (Tavits & Letki, 2013) also argue that if the ethnic divides are prominent, it is much easier for right-wing parties to mobilise voters on value-based appeals and mute socio-economic debates. We claim that Tavits and Letki (2013) slightly neglected the positive effects of the 2010s market reforms. Instead of seeing only the “losers of transition”, who could counter the neoliberal welfare state agenda, there are also the “winners of transition” – business and banking sector professionals, individuals with high earnings, good education and excellent employment perspectives (Toots & Lauri, 2022). These people are not entirely against the welfare state but do favour its orientation towards social investments and individual choices (Häusermann & Kriesi, 2015). This “new politics of welfare state” and its distributional logic can be well accommodated into Estonian and Latvian right-leaning political supply. In this respect, Estonia and Latvia as relatively successful transition countries (Avlijaš 2020) bear an important similarity with Western Europe, in terms of the growing complexity of the socio-economic divide on social policy choices (Beramendi et al. 2015; Häusermann et al. 2021). This transformation of the social class structure might create room for the right-wing distributional agenda or, offer opportunities for a renaissance of the mainstream political left.

The *second dimension* of policy preferences’ space, the *socio-cultural*, gained prominence in Estonia and Latvia long before the 2015 European migration crises. The salience of nationalist issues that formed the core of the socio-cultural dimension in the Baltic region was fuelled by the influx of immigrants in the Soviet era and made nativism dominant in the 1990s (Bohle & Greskovits, 2012; Rovny, 2014). Besides the difference in chronology, there were different key dilemmas of socio-cultural dimensions in Estonia and Latvia compared to those in mature Western welfare states. In Baltic countries, the initial core of the socio-cultural dimension was citizenship policy, replaced in the early 2000s by the concerns of low birth rates and the emigration of youth. The owners of these issues in the Baltics were often mainstream parties and not the populist and challenger parties as in Western Europe.

In addition to the saliency of immigration and demography, other issues in the socio-cultural dimension, such as globalisation and EU integration, were seen universally in a positive vein in Estonia and Latvia until the mid-2010s (Rohrschneider & Whitefield, 2010). As Marks et al. (2006) claim, until European integration is still just a political perspective, parties tend to stay close. When it becomes an everyday reality, pro-EU and anti-EU positions become more visible. But differently from Western Europe where anti-EU platforms can be found across the left-right spectrum, in Eastern Europe, these are concentrated on radical left and radical right with attitudes towards closeness and nationalism. Constituencies of these parties are typically “losers” of globalisation (Marks et al., 2006). Existing studies on Estonia and Latvia partly confirm the above findings. In Estonia, the right-wing populist party EKRE started using these issues for their anti-EU agenda after the recession (Ehin et al., 2020) and the 2015 migration crisis together with the EU policies on asylum seekers just boosted those

activities. In Latvia, the left-wing populist party did not take an anti-EU position but rather on contrary. This can be because of their specific constituency – mainly the Russian-speaking minority, who felt threatened more by Latvian nationalism than globalisation. Issues of family models, gender roles and sexual identities become pertinent in Baltic politics only very recently and are driving political parties apart. So, the socio-cultural dimension continues to be significant in Estonia and Latvia, but the focus has experienced several shifts and is only partly comparable with socio-cultural discourses in the mature welfare states.

The structural approach, on which the concept of the two-dimensional policy space relies, illuminates important aspects of partisan competition and political supply in post-communist Estonia and Latvia that partly share the post-industrial trends of Western Europe but also have important communist legacies. According to Kostelka and Rovny (2019), pro-independence political forces in peripheral republics of former communist federations oppose egalitarianism both on economic and national grounds and thus, associate free market economics with cultural conservatism. This is a pattern, clearly present in Latvia, and to a significant extent also in Estonia (Toots & Lauri, 2022). In case there is a significant ethnic minority from the ex-federal centre (such as the Russian minority in Latvia and Estonia), the left parties are assumed to advocate for cultural liberalism (Kostelka & Rovny, 2019). Yet, these associations may get blurred and cultural liberalism may become detached from the left-right dimension. As a result, right-wing parties can stand for cultural liberalism whereas left-wingers do not necessarily do so. To understand, whether and in what way Baltic voters respond to these transformations in party positions, it is equally important to look at the demand side of the policy space.

What drives voters' choice in the socio-economic and socio-cultural dimensions?

Regarding the *socio-economic dimension*, there are two distinct although increasingly overlapping research strands. The first departs from individual self-interest and explains voters' distributional preferences by their economic insecurity (Rehm et al., 2012; Rueda, 2007). According to this logic, those with either or both higher labour market risks and the probability to benefit from welfare or existing tax policy measures are more likely to support them and vice versa. The second explanation emphasises the role of ideas and norms in the formation of distributional preferences. Here, utility maximisation-driven arguments, such as the effect of welfare policies on personal income level, play a minor role. Instead, ideological and value-based motives, or the perceived deservingness of a social category to receive social support, are important (van Oorschot, 2010). The deservingness argument has gained importance with the growing popularity of radical right and welfare chauvinism, under which the cultural and economic arguments are closely entwined (Busemeyer et al., 2021). Furthermore, Attewell (2021) argues this attitudinal multidimensionality of welfare preferences, i.e., the degree of state involvement in wealth (re)distribution and the question of who deserves welfare support, helps to explain how the educational divide in party politics

is an expression of redistributive conflict. The level of education is associated with vote choice both directly and indirectly, via differences in attitudes not just about the proper scope of the welfare state, but even more strongly about the deservingness of welfare state beneficiaries (Attewell, 2021).

In Estonia and Latvia, class and inequality discourse were effectively marginalised due to the durable focus on nationalising issues (Saarts, 2011). Adding to that a right-leaning ownership of welfare issues in Estonia and Latvia, circumstances for class-based voting and the formation of relevant constituencies were not promising. However, Rovny (2015) shows that despite those idiosyncratic complexities, voters in favour of greater state involvement and redistribution of resources are significantly more likely to vote for left-wing parties also in Eastern Europe. The effect of economic preferences, however, remains relatively modest compared to the effect of ethnicity (Rovny, 2015).

Voter preferences in the *socio-cultural dimension* are often analysed through the lens of gender (Gingrich & Häusermann, 2015) and lately also through immigration and citizenship issues (Greve, 2020; Bruzelius & Seeleib-Kaiser, 2018). The latter accommodates well the openness-closeness dilemma in the framework of a two-dimensional policy preferences space. The focus in relevant studies on post-communist CEE countries is slightly different as the formation of voters' socio-cultural preferences is analysed mainly through ethnic and language issues (Saarts & Saar, 2021) and almost never through gender issues. Studies on Estonia and Latvia have revealed that the Russian-speaking minority has been much less involved in civil society and politics, a phenomenon partly explained by their lower trust in and higher dissatisfaction with the government (Evans & Lipsmeyer, 2001). Rohrschneider, Schmitt-Beck and Jung (2012) found that post-communist voters in Eastern Germany were more likely to abstain from voting when they were dissatisfied with the performance of parties and democratic institutions. This thesis also seems to hold for the Russian-speaking voters in the Baltic States, where the share of abstaining voters is, as some studies indicate, twice as high as among titular nations (Kalmus et al., 2020) and transition losers tend to abstain from voting (Greskovits 2007). However, today's socio-cultural divide in Estonia and Latvia runs not just across the Soviet period Russian-speaking immigrants and the indigenous population. The European immigration crisis in 2015 and the opening of the local labour markets to foreign workers have fuelled xenophobic attitudes among the Baltic electorate regardless of their ethnic origin (Stefanovic & Evans, 2019).

In sum, transformations of the post-industrial society have intensified discussions around the multidimensionality of political space and the importance of the socio-cultural dimension in it. We are puzzled by similar developments in Estonia and Latvia, where historical legacies enabled the socio-cultural dimension to dominate the political space since 1991. Yet, recent developments in Baltic economies may have brought about important transformations in the two-dimensional preferences' space, which might make the socio-economic dimension more prominent. To explore the validity of this assumption, we will analyse the parliamentary elections of the 2010s and juxtapose the salience of issues in party manifestos with the policy preferences of voters. First, we will look at the balance between the socio-economic dimension

(distributional dilemmas) and the socio-cultural dimension (identity dilemmas) to see whether distributional dilemmas have gained prominence in time. Secondly, we analyse voters' political preferences along the same lines and finally, we attempt to determine, which predictors are behind distinctive voter profiles.

Empirical analysis

The empirical analysis has two steps. We start with the analysis of political supply, and for this, we measure party positions and their shifts in socio-economic and socio-cultural dimensions of the policy space. The Comparative Manifestos Project (CMP) database (Volkens et al., 2017) serves as a data source here. The CMP dataset includes policy statements from political parties' electoral manifestos. In the CMP, issues in party manifestos are coded and the percentages of total sentences in each manifesto that mention a particular issue are reported. Some issues can be mentioned in a positive or negative way (supporting versus opposing the EU, internationalism versus protectionism etc.). Moniz and Wlezien (2020) define issue saliency as the extent to which voters engage with a particular political issue. The platform enabling this engagement is usually a political party manifesto. Therefore, in analysing issue competition, we assume that the higher the saliency of a particular issue, the higher a party's attempt to get that issue to dominate the political agenda (Green-Pedersen, 2007; Hobolt & De Vries, 2015; Kitschelt & Rehm, 2018). We use Stata16 to run our analysis and for visualisations.

We describe the patterns of issue saliency and shifts in party positions across three waves of parliamentary elections (2011, 2014/2015, 2018/2019). Based on the operationalisation, specific issues in the analysed party manifestos are the units of analysis and we are able to reveal which dimension of policy space dominates in the manifestos and what the distance between parties along those dimensions is.

The second step of the analysis looks at political demand by employing the European Social Survey (ESS) 2018 data. Instead of measuring average support for each issue separately, we run LCA (Latent Class Analysis) in order to distinguish voter profiles across socio-economic and socio-cultural issues.

In analysing political supply, we are interested in the saliency and the cross-party distance in the socio-economic and socio-cultural issues to decide on the essence of the political supply in Estonia and Latvia. The analysis of political demand explores to what extent political alignments revealed in political supply are reflected in political demand. However, the two databases on supply and demand were not merged for the analysis and therefore, caution needs to be practised in jointly interpreting the results.

Political supply along socio-economic and socio-cultural dimensions

Placement of political parties along the left-right scale is the most common approach to the socio-economic dimension in political economy literature (De Vries & Marks, 2012; Green-Pedersen, 2007; Rovny & Whitefield, 2019). Therefore, we used the welfare state expansion and limitations issues in CMP to operationalise parties' positions at socio-economic divides and its cross-election dynamics (see Appendix

1 and 2 for concrete measures and their values for each party). Welfare expansion is expected to be the identifier of the political left, whereas the political right emphasises the need for welfare limitation. So, in measuring the position of a political party in the socio-economic dimension, we subtract the welfare expansion from welfare limitation (the lower the value the more left-leaning). However, due to the low social protection expenditures in Estonia and Latvia compared to Western countries, a more expansive welfare state is rather salient in all party manifestos and the need for welfare limitations barely exists, being slightly present only in neoliberal ER and conservative IRL in Estonia (see Appendix 2). While this developmental specificity makes values of the socio-economic dimension biased toward the left, the variable allows, still relatively well, us to investigate differences between parties in distributional matters².

Given the saliency of ethnicity and the complex interplay between the EU optimism and nativism in Estonia and Latvia, in operationalising the second, socio-cultural dimension, we capture two sub-dimensions – nationalism *versus* internationalism, and EU positivism *versus* EU negativism. In addition to the traditional openness measures such as EU optimism and internationalisation (Häusermann & Kriesi, 2015; Morgan, 2018) we add the variable of the national way of living, which captures the regionally important issues of citizenship and language regulations. So, in measuring the position of a political party in the socio-cultural dimension, we add the positive mentioning of the EU and internationalism and subtract the negative mentioning of the EU and internationalism and positively mention the national ways of living. A detailed overview of the wording of all the issues in the Manifesto Project Database, the saliency of each issue for each party across countries and elections, and the logic of calculations are provided in Appendices 1 and 2.

In order to comply with the fragmented and volatile party systems in Estonia and Latvia, our analysis is limited to those political parties (and their predecessors), which either participated in at least two parliamentary elections in the 2010s or received more than 10 per cent of votes at least once (Table 1). As indicated earlier, some specific parties and generic party families in Estonia and Latvia tend to be quite different from their equivalents in Western Europe. In general, Estonia and Latvia have been considered as strongly right-leaning in terms of governing coalitions and voter demand (Toots & Lauri, 2022). However, this appearance might be somewhat misleading. In Estonia, the liberal party family includes neoliberals (ER) and social liberals (K), the latter being somewhat left and populist in their programs, and they have

² We do admit the limitation of that choice, by being both too broad, i.e., we are not able to reveal potential transformation from “old” to “new” social risks brought along with social investment agenda, and at the same time also too narrow in capturing parties’ positions at distributional logic, a limitation indicated by several others (Bakker & Hobolt, 2013; Gethin et al., 2021). Therefore, for robustness, we applied also a “RILE-index” to measure parties’ positions on the socio-economic dimension and to capture also political-economy of left-right, i.e., taxation and state interventionism. “RILE-index” is the method to measure left-right positions proposed by CMP (Volkens et al., 2017). The overall pattern does not change much compared to the “welfare expansion” issue, i.e., the socio-cultural dimension is re-emerging in both countries but is more explicit in Estonia. (See Appendix 3 for the visualization of the results of this alternative operationalization of political supply).

Table 1. Political parties included into the analysis

Country	Elections	Name of the Party	Abbreviation	Party Family + Specificity	Share of Votes 2011/12	Share of Votes 2014/15	Share of Votes 2018/19
Estonia (EE)	2011/2015/2019	The Social Democratic Party	SDE	SOC	17%	15%	10%
Estonia (EE)	2011/2015/2019	The Estonian Centre Party	K	LIB, social-liberal, populist; excluded from governing coalition from re-independence until 2016	23%	25%	23%
Estonia (EE)	2011/2015/2019	Estonian Reform Party	ER	LIB, neoliberal, 2005–2016 the party of prime ministry	29%	28%	29%
Estonia (EE)	2011/2015/2019	Pro Patria	IRL	CON, national-conservative, “open nationalism”; been most of the time in coalition since 1991	21%	14%	11%
Estonia (EE)	2011	The People’s Union of Estonia	ERL	AGR, merged with EKRE in 2012 since then NAT	2%	NA	NA
Estonia (EE)	2015/2019	The Conservative People’s Party of Estonia	EKRE	NAT	NA	8%	18%
Latvia (LV)	2011/2014/2018	Social-democratic party HARMONY	SC/SDPS	SOC/COM; excluded from governing coalition from re-independence	29%	23%	20%
Latvia (LV)	2018	Development/For	AP!	LIB; Development/For AP! Formed in 2018	NA	NA	12%
Latvia (LV)	2011/2014/2018	Unity	U	CON, liberal-conservative; been most of the time in coalition	19%	22%	7%
Latvia (LV)	2011	Zatlers’ Reform Party	ZRP	CON, centre-right party founded by ex-president; 2014 merged with U	21%	NA	NA
Latvia (LV)	2011/2014/2018	National Alliance ALL FOR LATVIA!-For F	NA	NAT, right-wing populist; been in coalitions since 2011	14%	17%	11%
Latvia (LV)	2018	New Conservative Party	JLP	CON, New Conservative Party. Formed in 2014	NA	NA	14%
Latvia (LV)	2011/2014/2018	Greens’ and Farmers’ Union	ZZS	AGR, centrist and anti-liberal; in coalition 2014–2016	12%	20%	10%

Source: Manifesto Project Database

enjoyed a clear favourite position in the Russian-speaking community until recently. The neoliberal ER has long been the “issue owner” of welfare policies, including education. Perhaps even more strikingly, both liberal and conservative parties in Estonia and Latvia have been advocating the national way of living for years, which means that the nativism issue has not necessarily been owned by the radical right. Furthermore, for many mainstream parties, it has been common to advocate concurrently both closeness and openness, to label their ideology as open nationalism (conservatives in Estonia), or to form coalitions with nationalists. Some parties, such as Estonia’s K and Latvia’s SC/SDPS, also have close ties to Russian businesses and have consequently been “hard-to-accept” coalition partners. Agrarian parties also have played important but differing roles in Estonia and Latvia across the decades. In the 1990s, agrarian parties represented the interests of farmers who suffered in the extreme from the collapse of Soviet collective farming. In the second half of the 2010s, agrarian parties moved towards populism, which in Estonia (the agrarian ERL is the predecessor of the nationalist EKRE) and in Latvia (ZZS) takes a radical right-wing flavour. Only in Estonia is the Green Party ideologically close to the West European party family and advocates a modern ecological lifestyle. Yet, and maybe exactly because of this, they have not gained a sufficient share of the votes to enter Parliament.

We begin the empirical analysis with the political supply in Estonia and map (Figure 1) the positions of the main parties in the socio-economic and socio-cultural

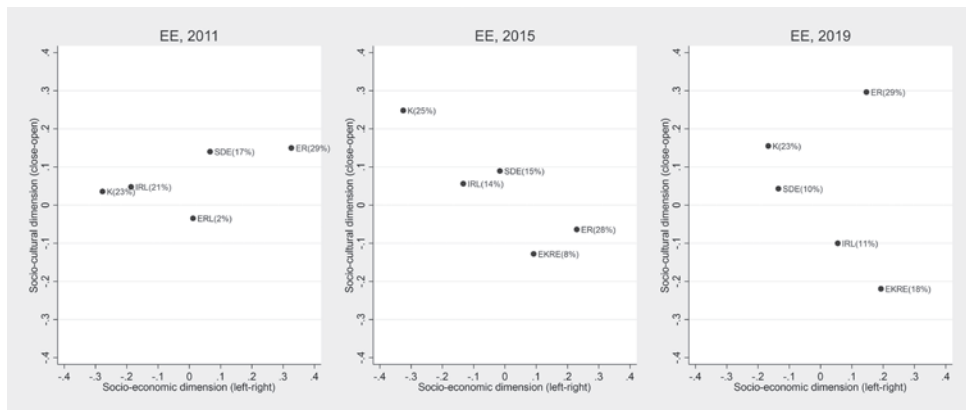


Figure 1. Political supply in Estonia (EE) across socio-economic and socio-cultural dimensions in three national elections

Source: Manifesto Project Database

Notes: Percentages in brackets show parties’ percentages of votes in particular elections. Both dimensions indicate the weighted saliency which is calculated as the degree of dispersion of issues of particular dimension (standard deviation) multiplied by the share of party popularity. Parties, parties’ abbreviations and their affiliations to party families as defined by Manifesto Project Database are as follows: SDE – Social Democratic Party (SOC); K – Centre Party (LIB); ER – Estonian Reform Party (LIB); IRL – Pro Patria and Res Publica Union (CON); ERL/EKRE – Estonian People’s Union (AGR) that transformed to Conservative People’s Party of Estonia (NAT).

dimensions across the three parliamentary elections in the 2010s. The saliency is calculated as the degree of dispersion (standard deviation) of particular issues multiplied by the vote share of a particular party (see values in Appendix 2) to visualise contextualised prevalence of socio-economic and socio-cultural divides.

Figure 1 illustrates that while the saliency of the socio-economic dimension dominated in 2011, it is growingly overruled by the socio-cultural dimension in 2015 and 2019. In the socio-economic dimension (distributional issues) parties move closer to each other whereas in the socio-cultural dimension (identity issues) they move apart.

Furthermore, an important change can be detected. The neoliberal ER that experimented with a nationalist discourse in 2015 has re-established its explicit EU-positivism, whereas the conservative IRL has followed a nationalist discourse, together with right-wing populist EKRE. Hence, while in 2011 there was only one party, the agrarian ERL that took a relatively pertinent position in favouring the national way of living and socio-economic divide dominated over socio-cultural, in 2019 there were three relatively distinctive positions of parties: first, the (relatively) *open left* represented by the social-democratic SDE and the social-liberal K; second, the (relatively) *open-right* represented by the neo-liberal ER; and third, the (relatively) *closed right* represented by the conservative IRL and the nationalist EKRE. The distance of parties in the socio-economic dimension is smaller but well aligned with their ideological party families, i.e., the social-democratic SDE and the social-liberal K have the most left-leaning positions and the neo-liberal ER, the conservative IRL and the nationalist EKRE more right-leaning positions. Alternatively, we operationalised the socio-economic dimension by RILE index (Volkens et al., 2017) to capture also the political economy of the welfare state (see Appendix 3 for the visualisation of that version of political supply in Estonia). The main result, i.e., the growing dominance of socio-cultural dimension and concurrent party positions, holds. The only difference is that the neo-liberal ER has moved towards the left in 2019, being at the same level as centrist SDE and K but more open. This indicates “hard” choices of ER in their office-seeking strategies while bearing the governing responsibility and is well aligned with the prevalent criticism by their constituencies in “losing” their neoliberal ethos.

Figure 2 reveals that the dynamics of political supply in Latvia are more volatile in terms of either the saliency of the socio-cultural dimension or the parties’ tendency to switch positions across both dimensions and the emergence of new parties (note also differences in the range of axes in Figure 1 and 2).

Similar to Estonia, the saliency of the socio-cultural divide in Latvia is driven by a nationalist party (NAT). However, the divide has been salient already since the 2011 elections and slightly diminishes in time. While NAT was the distinctive “issue owner” of nationalism in 2011 and 2014, in 2018 its position in the socio-cultural dimension became relatively close to the conservative JKP due to flirting with positive mentions of Europeanisation and internationalisation (see Appendix 2 for concrete parties and values). Distinct from Estonia, the salience of socio-economic issues decreased substantially in 2018. All parties but the socialist SC/SDPS have clustered closely around the centre of the left-right scale. As explained earlier, the SC/SDPS has always been in opposition, and thus had pursued only “vote-seeking” strategies.

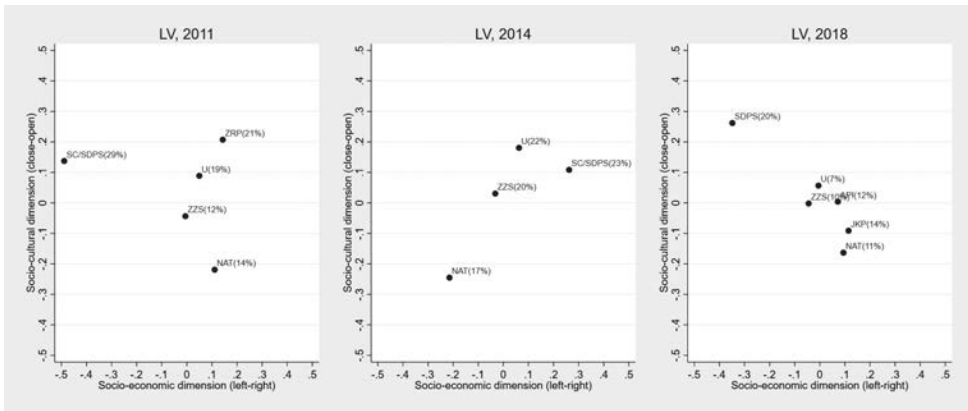


Figure 2. Political supply in Latvia (LV) across socio-economic and socio-cultural dimensions in three national elections

Source: Manifesto Project Database

Notes: Percentages in brackets show parties' percentages of votes in particular elections. Both dimensions indicate the weighted saliency which is calculated as the degree of dispersion of issues of particular dimension (standard deviation) multiplied by the share of party popularity. Parties, parties' abbreviations and their affiliations to party families as defined by Manifesto Project Database are as follows: SC/SDPS – Social-democratic party HARMONY (COM); AP! – Development/For (LIB); U – Unity (CON); ZRP – Zatlers' Reform Party (CON); JKP – New Conservative Party (CON); NA – National Alliance ALL FOR LATVIA!-For F (NAT); ZZS – Greens' and Farmers' Union (AGR).

Hence, while cross-party distances in both dimensions have become shorter in Latvia, the overall positioning of parties is less stable than in Estonia. Also, while Estonian nationalist EKRE has been explicitly right-leaning, Latvian NAT has constantly switched positions in the socio-economic dimension. Hence, in the Latvian case, we can also detect distinctive groups of parties in 2018: *open-left* position represented by socialist SC/SDPS; (relatively) *open-centre* represented by conservative U, liberal AP! and agrarian ZZS; and (relatively) *closed-right* represented by conservative JKP and nationalist NAT. However, the distance between latter two is meagre. Again, we ran the additional analysis with an alternative measure of socio-economic dimension, RILE-index, and overall our results hold (see Appendix 3).

Thus, generally, the socio-cultural dimension continues to dominate in terms of both saliency and cross-party distance. In Estonia, it has become even stronger in time whereas in Latvia the initial high distancing has transformed into a more squeezed centre-right position (except for a solo SDPS in open-left). The socio-economic divide has been most visible in both countries in 2014/2015 but decreased since then. Again, Latvia demonstrates a more squeezed pattern around the centre whereas in Estonia parties are placed on a left-right scale as expected according to their ideological families. To test, how voters respond to such political supply, we move to the next stage of our analysis devoted to the demand side of electoral politics.

Political demand, voter profiles and their socio-economic determinants

To measure political demand, we use ESS (2018) and the selection of manifest variables was guided by the assumption of multidimensional policy space. Five questions that define preferences in the socio-economic dimension and four in the socio-cultural dimension have been selected. For the socio-economic dimension, we have one question on government responsibility in reducing income differences (Econ1); and four questions regarding fair society (Econ2-Econ5) that combine questions that capture both preferences regarding the degree of state involvement needed for society to be fair and deservingness and a meritocracy (Table 2 gives an overview of the exact wording and descriptive statistics of the included measures). In operationalising the socio-cultural dimension in voters' preferences, we have both an opinion on Europeanisation (Cult1) and attitudes on immigrants (Cult2-4). Thus, if the analysis reveals that the formation of distinctive voter profiles is driven by differences in the distributional preferences, we may consider it as an indicator of the prominence of the socio-economic dimension. Alternatively, if the socio-cultural issues dominate in composing distinctive voter profiles, the socio-cultural dimension drives differences in voters' profiles.

Descriptive statistics of political demand demonstrate that voters' preferences on socio-economic issues lean relatively more to the left in Latvia as voters on average prefer the government to have a bigger role in reducing income differences and creating a more equally distributed wealth (Table 2). In questions on deservingness, cross-country differences are slight. On average, respondents in Estonia and Latvia strongly believe that hard-working people deserve to earn more, although high-status people (Econ5) do not deserve to enjoy additional privileges. Regarding the socio-cultural dimension, the question of whether the EU has gone too far (Cult1), approximately 40 per cent of respondents in both countries agreed. Regarding attitudes towards immigrants (Cult2-4), Latvian respondents are, on average, more pro-immigrants compared to Estonian respondents in assessing immigrants' positive role in both improving the economy and enriching cultural life.

To analyse voter profiles, we used LCA³, a type of latent variable model enabling unobserved patterns of responses in the data to be revealed (Oberski, 2016). The central idea is to fit a model, in which any confounding between the manifest variables (in our case policy preferences in socio-economic and socio-cultural dimensions) can be explained by a single unobserved latent categorical variable (in our case voter profiles or "classes" in the vocabulary of LCA). To reveal the presence of distinctive profiles, respondents are grouped through maximum likelihood estimation into a "latent class", the members of which all share similar response patterns. The main model fit criterion in LCA is the Bayesian Information Criterion (BIC), i.e., the model that exhibits the lowest BIC is considered the best fitting. In addition to revealing distinct profiles of voters, we include covariates to analyse to what extent a casted vote and socio-economic characteristics predict belonging to a specific profile.

³ LCA package for Stata16 was used for analyses and visualisation.

Table 2. Variables included in the analysis of political demand: voters' preferences, casted vote and socio-economic characteristics

Label in ESS	Dimension / Measurement	Label in Article	Min	Max	Obs	Mean	S.E.	Obs	Mean	S.E.
Socio-Economic Dimension										
ginedif	The government should take measures to reduce differences in income levels (1 – agree strongly; agree; 0 – neither agree nor disagree, disagree, disagree strongly)	Econ1	0	1	1,896	0.66	0.47	877	0.83	0.38
sofrdst	A society is fair when income and wealth are equally distributed among all people (1 – agree strongly; agree; 0 – neither agree nor disagree, disagree, disagree strongly)	Econ2	0	1	1,899	0.25	0.43	856	0.46	0.50
sofrwrk	Society fair when hard-working people earn more than others (1 – agree strongly; agree; 0 – neither agree nor disagree, disagree, disagree strongly)	Econ3	0	1	1,903	0.89	0.32	890	0.86	0.34
sofrpr	Society fair when takes care of poor and in need, regardless of what give back (1 – agree strongly; agree; 0 – neither agree nor disagree, disagree, disagree strongly)	Econ4	0	1	1,899	0.73	0.44	866	0.74	0.44
sofrprv	Society fair when people from families with high social status enjoy privileges (1 – agree strongly; agree; 0 – neither agree nor disagree, disagree, disagree strongly)	Econ5	0	1	1,890	0.18	0.39	862	0.25	0.43
Socio-cultural dimension										
eutf	European Union: European unification gone too far or go further (0 – gone too far ... 10 – go further; 0 if 0–5, 1 if 6–10)	Cult1	0	1	1,830	0.38	0.48	757	0.36	0.48
imbgeco	Immigration bad or good for country's economy (0 – bad ... 10 – good; 0 if 0–5, 1 if 6–10)	Cult2	0	1	1,860	0.37	0.48	852	0.50	0.50
imueclt	Country's cultural life undermined or enriched by immigrants (0 – undermined ... 10 – enriched; 0 if 0–5, 1 if 6–10)	Cult3	0	1	1,874	0.42	0.49	848	0.42	0.49
imwbent	Immigrants make country worse or better place to live (0 – worse ... 10 – better; 0 if 0–5, 1 if 6–10)	Cult4	0	1	1,867	0.24	0.43	826	0.39	0.49

Table 2 – continued

Label in ESS	Dimension / Measurement	Label in Article	Min	Max	Obs	Mean	S.E.	Obs	Mean	S.E.
Covariates										
prvtv	Party voted for coded based on party family (1-GREENS; 2 – SOC; 3/4 – LIB; 5 – CON; 8 – NAT; 9 – AGR)	PARTY	1	9	1,027	3.96	1.70	463	5.61	2.33
eiscd	Highest level of education (1 – lower ISCED1; 7 – higher tertiary ISCED5)	EDU	1	7	1,903	4.58	1.64	918	4.66	1.64
blgetmg	Belonging to the minority (1 – Yes; 0 – No)	MINORITY	0	1	1,897	0.17	0.37	912	0.11	0.13
gnr	Gender (1 – Male; 0 – Female)	MALE	0	1	1,904	0.44	0.50	918	0.32	0.47
agea	Age (continuous)	AGE	15	90	1,904	50.73	19.31	918	55.85	17.76
grspnum	Usual monthly gross pay (continuous)	INCOME	0	5200	843	1,203.00	799.00	384	881.84	572.83

Source: ESS 2018

Starting with the analysis of distinctive voter profiles, based on chosen manifest variables, the two-class model exhibits the lowest BIC for both countries (see Appendix 4 for the BIC values of alternative specifications). This means that the distinction between two voter classes (compared to models with one or three classes) has the best model fit.

In Estonia, we revealed two voters' profiles, comprising 65% (Class 1) and 35% (Class 2) of voters. Opinions on socio-cultural issues are the ones that to a large extent drive differences between voter profiles, whereas distributional issues are relatively similar across profiles. More specifically, voters from both profiles in Estonia prefer comparatively high state involvement in reducing income and status differences (see Figure 3 and Table 3 for concrete values of each measure). The exception concerns

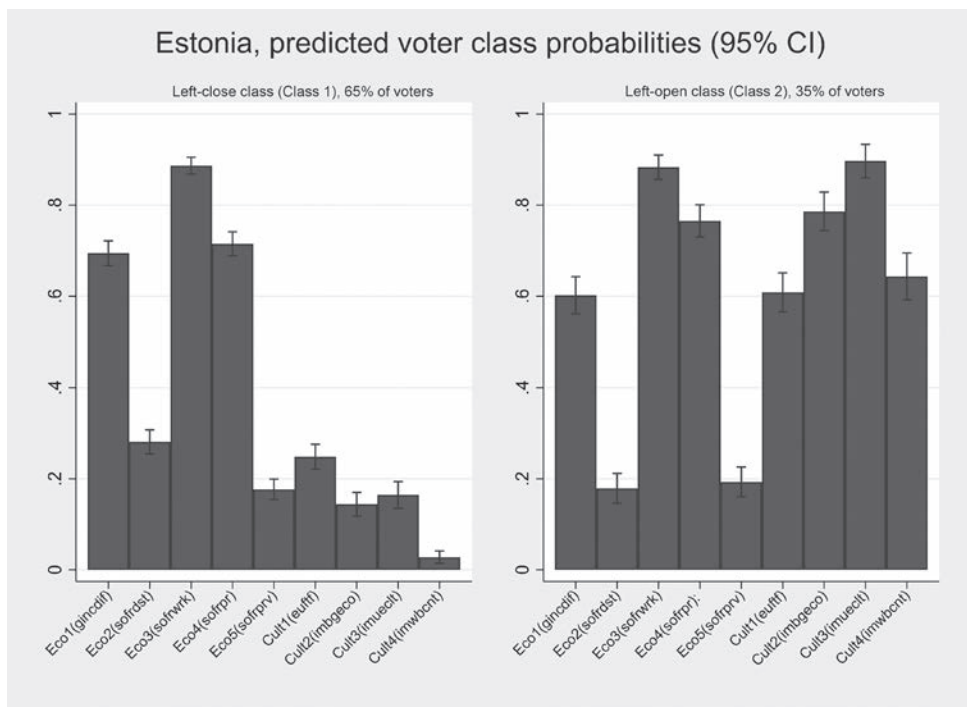


Figure 3. Socio-economic and socio-cultural preferences of voters in different profiles, Estonia

Source: ESS2018

Notes: Bars indicate predicted probabilities of respondents who agree with statements. Labels and wording of statements in ESS questionnaire: **Eco1 (gincdif)**: The government should take measures to reduce differences in income levels; **Eco2 (sofrdst)**: Society is fair when income and wealth are equally distributed among all people; **Eco3 (sofrwrk)**: Society is fair when hard-working people earn more than others; **Eco4 (sofrpr)**: Society is fair when it takes care of the poor and those in need, regardless of what they give back; **Eco5 (sofrprv)**: Society is fair when people from families with high social status enjoy privileges; **Cult1 (euftf)**: European Union: European unification should go further; **Cult2 (imbgeco)**: Immigration is good for the country's economy; **Cult3 (imueclt)**: The country's cultural life is enriched by immigrants; **Cult4 (imwbent)**: Immigrants make the country a better place to live.

equal distributions to all (Econ 2), a low value of which probably indicates the overall stigma of the “equality of outcome” explained in the theoretical section. Thus, while we can detect a slight overall incoherence across preferences in the socio-economic dimensions, they do not differ across voter groups.

Questions where voters of two profiles are at strikingly distinct positions are all in the socio-cultural dimension, i.e., agreement with further European unification (margins at 25 vs. 61 respectively, see Table 3) and three questions on immigration (margins at 11 vs 7 on average). Thus, based on voters’ preferences in socio-economic and socio-cultural issues, the distinction of voters is only in the latter and we have *left-close* (Class 1) and *left-open* voters’ profiles (Class 2) in Estonia.

Table 3. Latent class marginal means

	Label in ESS	ESTONIA				LATVIA			
		Margin	S.E.	95% Confidence Interval		Margin	S.E.	95% Confidence Interval	
Class 1									
Econ1	gincdif_d	0.69	0.01	0.67	0.72	0.84	0.02	0.80	0.87
Econ2	sofrdst_d	0.28	0.01	0.26	0.31	0.45	0.02	0.40	0.49
Econ3	sofrwrk_d	0.89	0.01	0.87	0.90	0.85	0.02	0.81	0.88
Econ4	sofrpr_d	0.71	0.01	0.69	0.74	0.72	0.02	0.67	0.76
Econ5	sofrprv_d	0.18	0.01	0.16	0.20	0.27	0.02	0.23	0.31
Cult1	eutf_d	0.25	0.01	0.22	0.28	0.24	0.02	0.20	0.29
Cult2	imbgeco_d	0.14	0.01	0.12	0.17	0.22	0.02	0.18	0.27
Cult3	imueclt_d	0.16	0.01	0.14	0.20	0.09	0.02	0.06	0.14
Cult4	imwbent_d	0.03	0.01	0.02	0.05	0.05	0.02	0.03	0.10
Class 2									
Econ1	gincdif_d	0.60	0.02	0.56	0.64	0.81	0.02	0.77	0.85
Econ2	sofrdst_d	0.18	0.02	0.15	0.21	0.49	0.03	0.43	0.54
Econ3	sofrwrk_d	0.88	0.01	0.85	0.91	0.88	0.02	0.84	0.91
Econ4	sofrpr_d	0.77	0.02	0.73	0.80	0.77	0.02	0.72	0.81
Econ5	sofrprv_d	0.19	0.02	0.16	0.23	0.22	0.02	0.18	0.27
Cult1	eutf_d	0.61	0.02	0.56	0.65	0.52	0.03	0.46	0.58
Cult2	imbgeco_d	0.79	0.02	0.74	0.83	0.85	0.02	0.80	0.89
Cult3	imueclt_d	0.90	0.02	0.85	0.93	0.84	0.03	0.77	0.89
Cult4	imwbent_d	0.64	0.03	0.59	0.69	0.79	0.03	0.73	0.85

Regression (see Table 4) indicates that the most statistically significant predictor of belonging to the *left-open* (Class 2) profile compared to the *left-close* (Class 1) profile, are education and income. People with higher education and income tend to be voters of the *left-open* profile (see the visualisation of predicted probabilities of education and income levels across voter profiles in Figure 5). This finding is in accordance with empirical evidence of the growing trend of socio-cultural professionals to vote for left liberals (Abou-Chadi et al., 2021; Attewell, 2021; Häusermann & Kriesi, 2015). In addition to higher education and income, *left-open* voters are younger and of the ethnic majority (see the visualisation of those in Appendix 5). Neither gender nor the party voted for in the last election showed a statistically significant result.

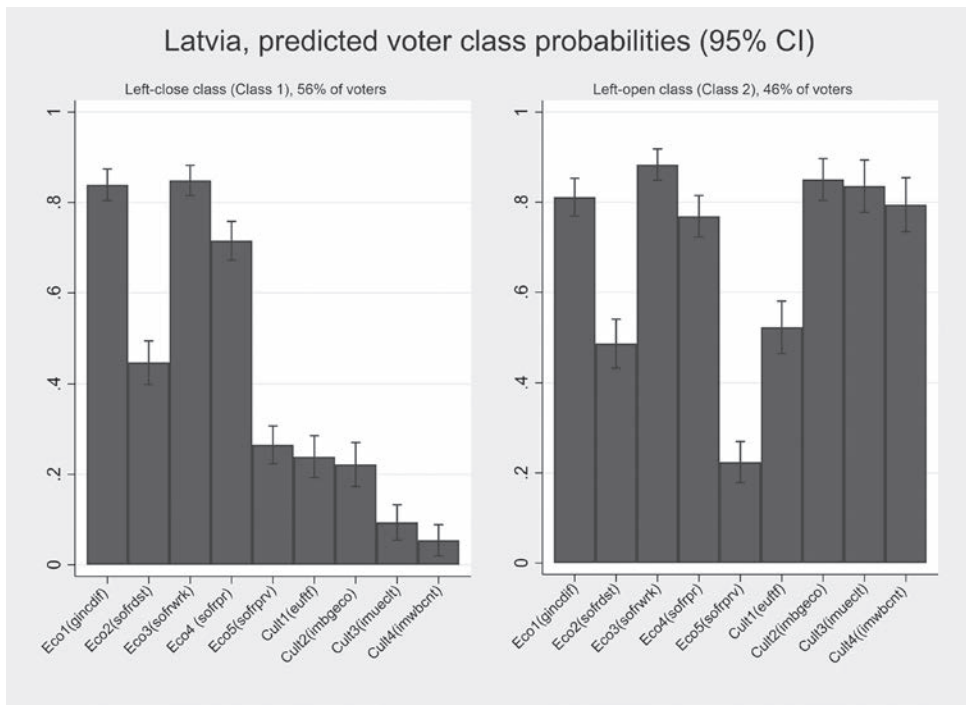


Figure 4. Socio-economic and socio-cultural preferences of voters in different profiles, Latvia

Source: ESS2018

Notes: Bars indicate predicted probabilities of respondents who agree with statements. Labels and wording of statements in ESS questionnaire: **Eco1 (gincdif)**: The government should take measures to reduce differences in income levels; **Eco2 (sofrdst)**: Society is fair when income and wealth are equally distributed among all people; **Eco3 (sofrwrk)**: Society is fair when hard-working people earn more than others; **Eco4 (sofrpr)**: Society is fair when it takes care of the poor and those in need, regardless of what they give back; **Eco5 (sofrprv)**: Society is fair when people from families with high social status enjoy privileges; **Cult1 (euftf)**: European Union: European unification should go further; **Cult2 (imbgeco)**: Immigration is good for country's economy; **Cult3 (imueclt)**: The country's cultural life is enriched by immigrants; **Cult4 (imwbent)**: Immigrants make the country a better place to live.

In Latvia, similarly, two distinctive profiles of voters were revealed, comprising 56% (Class 1) and 44% (Class 2) respectively. Again, these are neither distributional nor deservingness questions that explain differences between voter profiles, but opinions on socio-cultural issues. Voters in both profiles prefer a rather high government involvement in decreasing income and status differences, and a similar incoherence exists, i.e., the hesitance in equal distribution coexists with preference for strong state involvement in Latvia as it does in Estonia (see Figure 4 and Table 3 for concrete values of each measure). Thus, similar to Estonia, the aspect that drives differences across voters is the range of attitudes on socio-cultural issues. More concretely, and again similar to Estonia, Class 2 voters in Latvia are much more open toward the EU and immigrants,

Table 4. LCA Regression: Voter choice and socio-economic characteristics of different voter profiles

	Regression Coefficient	Robust Standard Error	P> z	95% Confidence Interval	
ESTONIA					
Class 1 (left-close)	Reference Category				
Class 2 (left-open)					
PARTY	-0.02	0.07	0.76	-0.16	0.12
EDU	0.31	0.10	0.00	0.11	0.51
MINORITY	-1.20	0.47	0.01	-2.12	-0.29
INCOME	0.00	0.00	0.00	0.00	0.00
MALE	-0.23	0.26	0.37	-0.75	0.28
AGE	-0.03	0.01	0.01	-0.05	-0.01
_cons	-1.14	0.74	0.12	-2.58	0.30
LATVIA					
Class 1(left-cose)	Reference Category				
Class 2 (left-open)					
PARTY	0.02	0.10	0.80	-0.16	0.21
EDU	0.32	0.18	0.07	-0.02	0.67
MINORITY	0.20	0.85	0.82	-1.47	1.86
INCOME	0.00	0.00	0.82	0.00	0.00
MALE	-0.62	0.39	0.11	-1.39	0.15
AGE	-0.06	0.02	0.01	-0.11	-0.02
_cons	1.73	1.28	0.18	-0.77	4.23

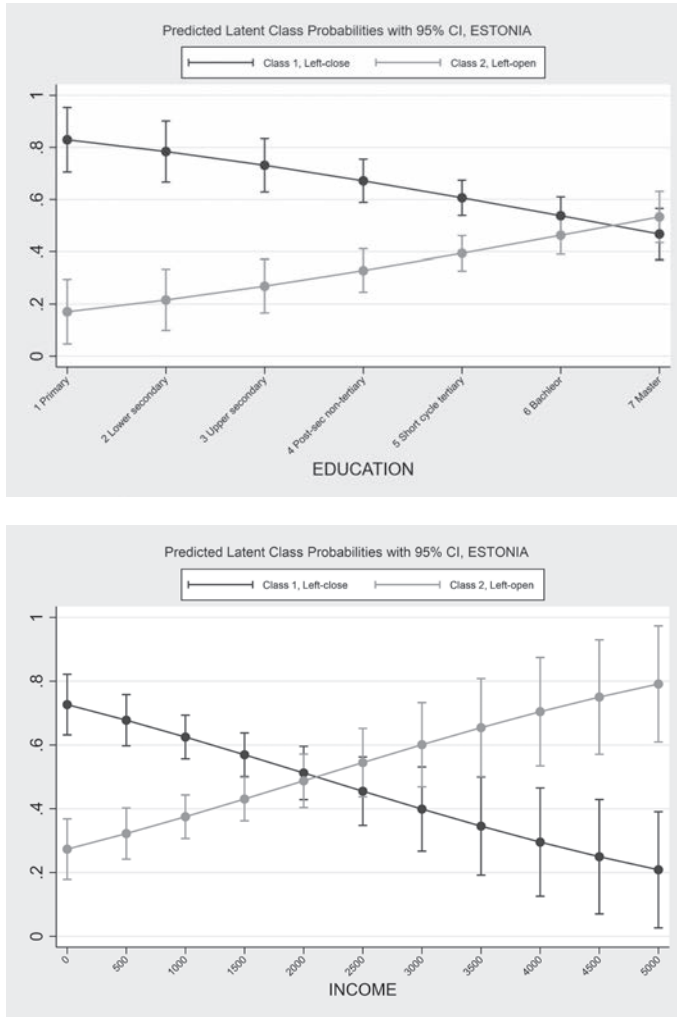


Figure 5. Predicted probabilities of the level of education

Source: ESS2018

(EDUCATION; first panel) and the level of income (INCOME; second panel) across voters' profiles, Estonia

compared to Class 1. While the overall pattern of voter profiles is similar to Estonia, i.e., both *left-close* and *left-open* profiles exist, there are slight differences in the share of Classes and intensity of attitudes. In Latvia, *left-open class* composes 44% compared to 35% in Estonia. Furthermore, all Latvian voters are more left-leaning in terms of socio-economic issues regardless the Class, and Class 2 (*left-open*) voters are even more positive toward immigrants than their Estonian counterparts.

Regression analysis of Latvian voter profiles revealed (Table 4) that there are very few statistically significant predictors among covariates, and only age and education

turn out to be significant, though in the case of education the confidence is lower (see Figure 6 for visualisation of predicted probabilities). Thus, younger and higher educated voters statistically significantly more often belong to the *left-open* (Class 2) than to the *left-close* (Class 1) class. Hence, for Latvia, we can conclude that despite the relatively high saliency of both dimensions in political supply and distinctive profiles of voters, similar to Estonia there are no stable party constituencies behind those divisions.

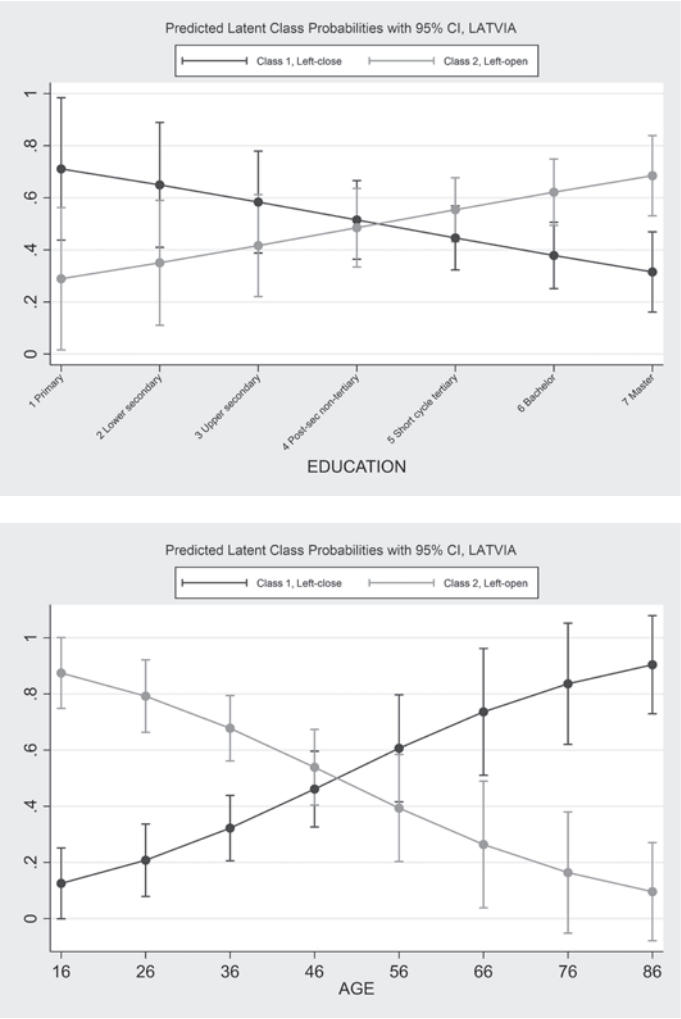


Figure 6. Predicted probabilities of the level of education
Source: ESS2018
(EDUCATION; first panel) and age (AGE; second panel) across voters' profiles, Latvia

Conclusion

This study aimed to test whether the concept of two-dimensional policy space, which has become mainstream in studies of electoral politics in Western European welfare states can be extended to the post-communist countries in Eastern Europe. According to Rathgeb and Busemeyer (2021), only an integrated analysis of socio-economic and socio-cultural dimensions can equip us with a fine-grained understanding of recent, though principal shifts in electoral dynamics including the rise and success of populist parties. As a novel contribution to the corpus of research on two-dimensional policy space, our article juxtaposes the salience of issues in political supply with the policy preferences of voters (political demand). This approach facilitates a better understanding of pro-welfare coalitions and prediction of possible social policy reform trajectories. Empirically we tested the explanatory value of two-dimensional policy space in Estonia and Latvia by using party manifestos and population surveys from the 2010s. This allowed us to capture some important events in Europe, such as the 2008 recession and the 2015 migration crisis and to investigate their effect on political supply and demand in the Baltic countries.

Previous empirical research has demonstrated that Soviet legacies made identity-based factors central in predicting voter behaviour and the party landscape in Estonia and Latvia (Saarts, 2016; Saarts & Saar, 2021). This is in line with the theoretical claims according to which socio-economic issues dominate policy space in the case of a generous welfare state and polarised party landscape (Kitschelt & Rehm, 2018). Neither of these premises existed in Estonia and Latvia between the 1990s and early 2000s. Yet, during further development, things might have changed making the redistributive issues more important. Departing from these assumptions we asked whether the socio-economic dimension (distributional dilemmas) has gained prominence over the socio-cultural dimension (identity dilemmas) due to the successful transitions to the market economy and stabilisation of the social class structure. Secondly, we were interested to find out, whether either of those two dimensions distinguishes voter preferences and which predictors are behind those preferences.

The analysis of *political supply* revealed that the socio-economic dimension has not gained prominence over the socio-cultural one. In the long-term perspective, political parties in both countries have become closer to each other in distributional issues. In Estonia, this trend has been continuous since 2011, whereas in Latvia political parties clustered 2018 together again after some distancing in 2014.

Several explanations can be offered for the dominance of the socio-cultural dimension. First, based on Kitschelt and Rehm's (2018) thesis on the generosity of the welfare state as a prerequisite for the salience of distributional issues, we can claim that lean and mean welfare states in the Baltic States hinder the development of distinct socio-economic positions both among political parties and voters. Second, as voter profiles do also not differ in socio-economic issues, the parties adjust to this situation and put less emphasis on them in their electoral manifestos. Eventually, this becomes a mutually enforcing dynamic that keeps distributive dilemmas low. Thirdly, as shown by Kostelka and Rovny (2019) and Marks et al. (2006), historical legacies may lose their effect but new external events can bring socio-cultural issues into the spotlight

again. Based on a comparison of policy supply in three parliamentary elections in the 2010s, we can claim that effective EU membership and the European immigration crisis in 2015 served as triggers and made party positions on socio-cultural issues more distinct and salient.

Beyond these commonalities, Estonia and Latvia demonstrate also somewhat different patterns in two-dimensional policy space. In Estonia, the socio-cultural divide has increased and three distinctive groups of parties have emerged – one includes conservatives and right-wing populists favouring a national way of living, second includes social democrats and social liberals combining the advocacy of international and European cooperation with left-leaning supply, and third are neo-liberals that take explicitly right-open position. We can interpret the emergence of these distinct groups as a party's adjustment to the social outcomes of an open economy. The parties orienting on a national way of living seek the votes of the “losers of globalisation” whereas the others orienting on international cooperation seek the votes of the “winners of globalisation”. Both groups are visible as a result of Estonia's radical neoliberal transition to the open market economy. In Latvia, the nationalist party has moved closer to the others, towards international openness but the overall pattern is towards closure and the only single party in the open-left corner does not change the picture. Estonia, while being more right-wing in the economic dimension, is more open compared to Latvia in the identity dimension. At the same time, Latvia shows higher volatility in party positions on both issues across the three elections.

The analysis of *political demand* revealed two distinctive voter profiles in both countries whereas political demand is much more left-leaning compared to political supply. One voters group (Class 2) has positive attitudes towards immigrants, the EU and international cooperation, whereas the other (Class 1) is against them. Interestingly, preferences in distributional issues, while somewhat incoherent, do not diverge across voter profiles as all voters in both countries are relatively left-leaning. The predictor of voter profiles is not the party voted for but most strongly the level of education. This accords with recent studies claiming the level of education to become the new structural divide in electoral politics (Ansell & Gingrich, 2021; Attewell, 2021; Beramendi et al., 2015; Gethin et al., 2021).

Overall, the concept of a two-dimensional policy space provided a more nuanced theoretical framework for empirical analysis. By measuring political supply and demand in the legacy distorted political space of Estonia and Latvia, we were able to highlight aspects that so far have remained hidden – such as shifts in the positions of political parties, and the main divides in preferences of voters' profiles and predictors behind those divisions. The LCA allowed capturing the degree to which people's preferences form distinct groups, what is the size, vote choice and socio-economic gradient of these groups – questions that are highly relevant for analysing the responsiveness of policymaking, so far scarcely covered in Central and Eastern Europe. Beyond those analytical achievements, we admit also some limitations, especially in operationalising political supply. The policy categories in the CMP database remain broad and do not allow running a detailed analysis of welfare politics. To tackle this problem, we ran an analysis with two alternative operationalisations of socio-economic dimensions that provide more solid evidence and confirmed the robustness of initial findings.

In predicting future social policy reforms in Estonia and Latvia, a more profound juxtaposition of political supply and demand is necessary. The current study revealed the importance of the socio-cultural dimension and its entwinement with socio-economic preferences along diverse voter groups formed on the bases of predictors different from those in the industrial era. Based on the discredited legacy of the political left in Estonia and Latvia, and the growing prominence of social policy issues that assume international interventions (climate, energy, health, immigration) this would be a politically important and academically intriguing avenue to explore.

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Appendixes

Appendix 1. The list of issues and their wording used to operationalise dimensions of political supply

	Wording	Direction
Socio-economic dimension		
Per504	Welfare State Expansion: Favourable mentions of need to introduce, maintain or expand any public social service or social security scheme. This includes, for example, government funding of: health care, child care, elder care and pensions, social housing.	Left
Per505	Welfare State Limitation: Limiting state expenditures on social services or social security. Favourable mentions of the social subsidiary principle (i.e. private care before state care).	Right
Socio-cultural dimension		
Per107	Internationalism: Positive. Need for international co-operation, including co-operation with specific countries other than those coded in 101. May also include references to the: need for aid to developing countries; need for world planning of resources; support for global governance; need for international courts; and support for UN or other international organisations.	Open
Per108	European Community/Union: Positive. Favourable mentions of European Community/Union in general. May include the: desirability of the manifesto country joining (or remaining a member); desirability of expanding the European Community/Union; desirability of increasing the ECs/EUs competences; and desirability of expanding the competences of the European Parliament.	Open
Per109	Internationalism: Negative. Negative references to international co-operation. Favourable mentions of national independence and sovereignty with regard to the manifesto country's foreign policy, isolation and/or unilateralism as opposed to internationalism.	Close
Per110	European Community/Union: Negative. Negative references to the European Community/Union. May include: opposition to specific European policies which are preferred by European authorities; and opposition to the net-contribution of the manifesto country to the EU budget.	Close
Per601	National Way of Life: Positive. Favourable mentions of the manifesto country's nation, history, and general appeals. May include: support for established national ideas; general appeals to pride of citizenship; appeals to patriotism; appeals to nationalism; and suspension of some freedoms in order to protect the state against subversion.	Close

Source: Manifesto Project Database

Appendix 2. Operationalisation of socio-economic and socio-cultural dimensions

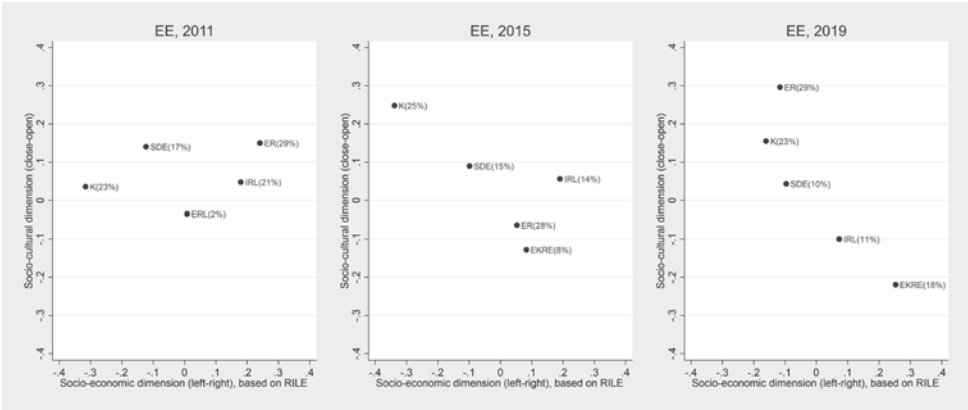
Party	Date	Issues in MPD								Composite Index		Degree of Dispersion* Vote Share			
		Welfare Expansion (504)		Welfare Limitation (505)		Socio-Cultural Dimension				Int/EU			National way of living: positive		
		Socio-Economic Dimension		Socio-Cultural Dimension				EU: positive		Inter-nationalism: negative			EU: negative		
Left (504)		Right (505)		Open1 (107)		Open2 (108)		Close1 (109)		Close2 (110)		Open_all		Close3 (601)	

ESTONIA														
ER (29%)	2011	8.7	0.0	2.7	0.7	0.0	0.0	3.4	4.1	-8.7	-0.7	1.12	0.52	
ERL/EKRE (2%)	2011	10.4	0.0	0.8	1.2	0.0	0.0	2.0	15.1	-10.4	-13.1	0.58	-1.73	
IRL (21%)	2011	15.0	0.0	2.4	0.9	0.0	0.0	3.3	5.6	-15.0	-2.3	-0.89	0.23	
K (23%)	2011	16.0	0.0	0.7	1.3	0.0	0.0	2.0	4.7	-16.0	-2.7	-1.21	0.16	
SDE (17%)	2011	11.0	0.0	1.3	1.3	0.0	0.0	2.6	1.6	-11.0	1.0	0.39	0.82	
ER (28%)	2015	5.4	0.7	1.1	1.8	0.1	0.1	2.7	8.3	-4.7	-5.6	1.15	-1.60	
ERL/EKRE (8%)	2015	6.7	0.0	1.8	0.0	2.5	0.4	-1.1	12.8	-6.7	-13.9	0.82	-0.23	
IRL (14%)	2015	15.0	0.0	1.5	1.5	0.2	0.0	2.8	5.6	-15.0	-2.8	-0.56	0.23	
K (25%)	2015	19.5	0.0	3.2	0.6	0.0	0.0	3.8	2.0	-19.5	1.8	-1.30	0.99	
SDE (15%)	2015	12.3	0.0	1.6	0.4	0.0	0.0	2.0	1.4	-12.3	0.6	-0.11	0.60	

EKRE (18%)	2019	8.5	0.0	0.3	0.0	1.2	2.1	-3.0	8.2	-8.5	-11.2	1.07	-1.22
ER (29%)	2019	10.8	0.6	2.1	3.0	0.0	0.0	5.1	3.4	-10.2	1.7	0.51	1.02
IRL (11%)	2019	10.6	0.4	1.6	1.7	0.0	1.6	1.7	11.1	-10.3	-9.4	0.50	-0.91
K (23%)	2019	14.0	0.0	1.8	0.8	0.0	0.0	2.6	2.9	-14.0	-0.3	-0.73	0.67
SDE (10%)	2019	15.9	0.0	0.7	0.2	0.0	0.0	0.9	2.6	-15.9	-1.7	-1.35	0.43
LATVIA													
NA (14%)	2011	5.9	0.0	0.0	0.0	0.0	0.0	0.0	31.4	-5.9	-31.4	0.79	-1.57
SC/SDPS (29%)	2011	17.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-17.1	0.0	-1.68	0.47
ZRP (21%)	2011	6.4	0.0	1.6	9.5	0.0	0.0	11.1	3.2	-6.4	7.9	0.68	0.99
ZZS (12%)	2011	9.7	0.0	3.2	0.0	0.0	0.0	3.2	16.1	-9.7	-12.9	-0.05	-0.36
U (19%)	2011	8.3	0.0	3.3	3.3	0.0	0.0	6.6	6.7	-8.3	-0.1	0.26	0.47
NA (17%)	2014	16.7	0.0	0.0	0.0	0.0	0.0	0.0	15.0	-16.7	-15.0	-1.26	-1.44
SC/SDPS (23%)	2014	2.1	0.0	0.0	0.0	0.0	2.4	-2.4	0.0	-2.1	-2.4	1.14	0.47
ZZS (20%)	2014	10.0	0.0	1.1	0.0	0.0	0.0	1.1	5.6	-10.0	-4.5	-0.16	0.15
U (22%)	2014	7.3	0.0	3.6	1.8	0.0	0.0	5.4	5.5	-7.3	-0.1	0.28	0.82
NAT (11%)	2018	6.9	0.0	3.5	1.7	0.0	1.7	3.5	15.5	-6.9	-12.0	0.85	-1.48
SDPS (20%)	2018	21.1	0.0	4.2	1.4	0.0	0.0	5.6	1.4	-21.1	4.2	-1.74	1.31
ZZS (10%)	2018	14.0	0.0	0.0	3.5	0.0	0.0	3.5	7	-14.0	-3.5	-0.45	-0.02
U (7%)	2018	12.0	0.0	0.0	5.3	0.0	0.0	5.3	4	-12.0	1.3	-0.08	0.81
API (12%)	2018	8.3	0.0	0.0	1.0	0.0	0.0	1.0	4.2	-8.3	-3.2	0.60	0.03
JKP (13.7%)	2018	7.1	0.0	0.0	1.4	0.0	0.0	1.4	8.6	-7.1	-7.2	0.82	-0.65

Source: Manifesto Project Database

Appendix 3. Alternative operationalisation of the socio-economic dimension in analysing political supply in Estonia and Latvia in three national elections

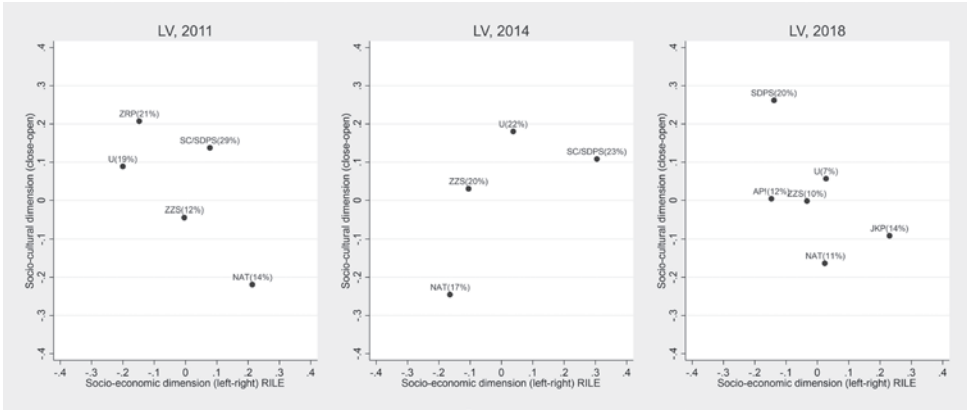


Panel A

Source: Manifesto Project Database

Notes: Percentages in brackets show parties’ percentages of votes in particular elections. Both dimensions indicate the weighted saliency which is calculated as the degree of dispersion of issues of particular dimension (standard deviation) multiplied by the share of party popularity. Parties, parties’ abbreviations and their affiliations to party families as defined by Manifesto Project Database are as follows: SDE – Social Democratic Party (SOC); K – Centre Party (LIB); ER – Estonian Reform Party (LIB); IRL – Pro Patria and Res Publica Union (CON); ERL/EKRE – Estonian People’s Union (AGR) that transformed to Conservative People’s Party of Estonia (NAT).

The meaning of RILE index: Right-left position of party (Volkens et al. 2017): The importance of external security and defence, freedom and human rights, constitutionalism, political authority, free market economy, economic incentives, anti-protectionism, economic orthodoxy, welfare limitations, national way of life, traditional morality, law and order, and civic mindedness as **indication of the right leaning supply**. The importance of anti-imperialism, internationalism, anti-military, market regulation, economic planning, protectionism, controlled economy, nationalisation, welfare state expansion, educational expansion, labour groups’ protection, and democracy as **the indication of left-leaning supply**.



Panel B

Source: Manifesto Project Database

Notes: Percentages in brackets show parties' percentages of votes in particular elections. Both dimensions indicate the weighted saliency which is calculated as the degree of dispersion of issues of particular dimension (standard deviation) multiplied by the share of party popularity.

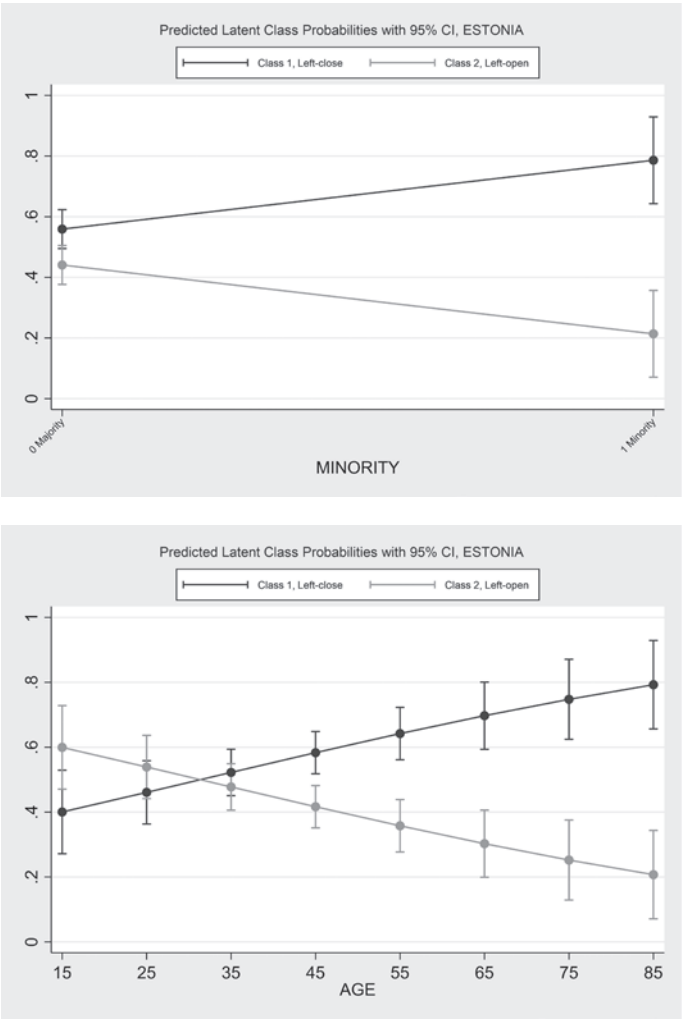
Parties, parties' abbreviations and their affiliations to party families as defined by Manifesto Project Database are as follows: SC/SDPS – Social-democratic party HARMONY (COM); AP! – Development/For (LIB); U – Unity (CON); ZRP – Zatlers' Reform Party (CON); JKP – New Conservative Party (CON); NA – National Alliance ALL FOR LATVIA!-For F (NAT); ZZS – Greens' and Farmers' Union (AGR).

The meaning of RILE index: Right-left position of party (Volkens et al. 2017): The importance of external security and defence, freedom and human rights, constitutionalism, political authority, free market economy, economic incentives, anti-protectionism, economic orthodoxy, welfare limitations, national way of life, traditional morality, law and order, and civic mindedness as **indication of the right leaning supply**. The importance of anti-imperialism, internationalism, anti-military, market regulation, economic planning, protectionism, controlled economy, nationalisation, welfare state expansion, educational expansion, labour groups' protection, and democracy as **the indication of left-leaning supply**.

Appendix 4. Parameters of fit of LCA analysis

	Estonia	Latvia
	Estimated Class Population Shares	
Class 1	0.65	0.56
Class 2	0.35	0.44
AIC(1)	19411.41	9107.176
BIC(1)	19461.37	9150.527
AIC(2)	18234.03	8541.479
BIC(2)	18339.51	8633.00
AIC(3)	18216.72	8504.87
BIC(3)	18377.72	8644.56
Number of Observations	1904	913

Appendix 5. Predicted probabilities of belonging to minority (MINORITY; left panel) and age (AGE; right panel) across voters' profiles, Estonia



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