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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
GDA \bar{T} YS	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 GDATys and GDATYs, 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,

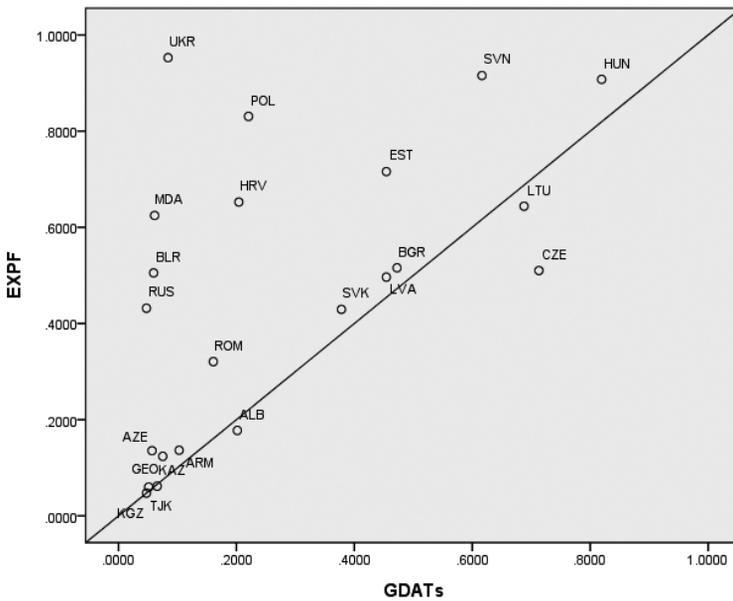


Figure 1. Scatter plot of social expenditure and sufficient conditions

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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