

Social Policy in Central and Eastern Europe (CEE) in 1990s

DR. JÁNOS HOÓS

PROFESSOR OF ECONOMICS

E-mail: janos.hoos@bkae.hu

SUMMARY

One of the major accomplishments of the socialist systems of Central and Eastern Europe (CEE) was the relatively equal distribution of income they attained. The social policy was characterized by “cradle-to-grave” state paternalism. The transition to market economy is virtually certain to lead to higher unemployment and some what greater income inequality. There were four interrelated social policy problems during the transformation of (CEE) : a. the employment problem for citizens to find secure and durable employment and income; b. the business problem, where firms can no longer rely on soft budget constrains and thus must abundant their direct social welfare functions; c. the budget problem of unburdening the state from price subsidies, which means rising consumer prices and declining real incomes and; d. the labour market problem resulting from privatization and the need for the developing new and specialized social policy institutions This required the reform of social policy: a redefinition of the social safety net, in essence an “unbundling” of the economic and social roles previously assigned to enterprises.

This reforms had to extend to comprehensive transformation of the large distribution systems (pension, health, education, housing, social benefits), reduction of social benefits according to the need and partially providing services in the market economy. There was consensus in CEE that the reform due to their inner shortcomings and to condition of their economy is unavoidable and indispensable. But the success of the reform needed proper concept of it and addition to this the success of it depended on starting up of the sustainable economic growth of their economy. The concept of reforms is rather well developed and commonly accepted in every countries of CEE, but the implementation of it is in very different stage. Therefore first we outline the concept of the reforms and after that we present what has welfare, social policy reform achieved.

Brief overview

One of the major accomplishments of the socialist systems of Central and Eastern Europe (CEE) was the relatively equal distribution of income they attained. (See Table 1) Low income inequality stemmed primarily from guaranteed employment and low wage differentiation in the state sector, as economic and social goals were often combined in socialist firms. The social policy was characterized by “cradle-to-grave” state paternalism. Government’s social protection role consisted primarily of administering state-run pension systems, and generous programs of sick and maternity pay, and providing welfare benefits to marginal social groups, such as single mothers, the handicapped, and the chronically ill (including alcoholics and drug addicts). Such a benefits were often provided in kind (such as hot meals, home nursing care, or cloths), as frequently happens with charities in market economies. Cashbased welfare systems were not well developed. Firms took an active role in providing social services to employees, they had a social role, a “duty” to provide employment to alleviate social problems in their respective regions.

The transition to market economy is virtually certain to lead to higher unemployment and some what greater income

inequality. This required a redefinition of the social safety net, in essence an “unbundling” of the economic and social roles previously assigned to enterprises. The main objective of the enterprises should be efficient production, which not only generates economic growth but also protects existing jobs and creates new ones. Governments should be responsible for protecting vulnerable groups – whether the unemployed, the elderly, disabled, or others let out of the productive economy – and providing (directly or indirectly) basic social services such as health, housing and education. Individuals should in turn be responsible for finding jobs (with some assistance from the state) and keeping them through satisfactory performance. (A. H. Gelb and C.W. Gray 1991)

In the first stage of the transformation of the economies of (CEE) there was deep economic crisis creating huge budget deficit and high unemployment (J. Campell 1992). The economic crisis and budget deficit of the government meant that it no longer could maintain, finance and provide basic proper social services. Neither were local governments prepared to assume these functions, nor were there any independent social organizations that could substitute the public provision of basic social services to a significant extent. (C.Offe.1992.)

There were four interrelated social policy problems during the transformation of (CEE) : a. the employment problem for citizens to find secure and durable employment and income; b. the business problem, where firms can no longer rely on soft budget constrains and thus must abundant their direct social welfare functions; c. the budget problem of unburdening the state from price subsidies, which means rising consumer prices and declining real incomes and; d. the labour market problem resulting from privatization and the need for the developing new and specialized social policy institutions.

Table 1.

| Country or region | Gini coefficient |
|----------------------|------------------|
| Hungary | 24.4 |
| Poland | 24.3 |
| USSR | 25.6 |
| China(urban) | 23.9 |
| (rural) | 23.1 |
| Czechoslovakia | 20.7 |
| Yugoslavia | 32.1 |
| Eastern europe | 25.4 |
| Latin America | 49.5 |
| South Asia | 42.8 |
| Asian NICs and Japan | 38.3 |
| Western Europe | 31.4 |
| United States | 32.6 |
| Sweden | 20.5 |
| Norway | 24.3 |

Source: Milanovic (1990)

Source: (A. H. Gelb and C.W. Gray 1991)

(The Gini coefficient is a measure of inequality that can be derived from the cumulative distribution of income across the population, ranked by their income level – so called Lorenz curve. It is defined as half the mean difference between any two observations divided by the mean.)

These aspects of the economic transformation process and four interrelated social policy problems, necessitated three, but consecutive steps in social policy-making in post-socialist countries of (CEE) Europe. However, the urgency and sequences of them often resulted in their taking place simultaneously in these countries: a. emergency measures; b. institutional building and reforms plus, c. adjustments within established institutions. (V. Pestoff. 1995)

The social policy system needs to meet four basic requirement: a./ strengthening its role as a defense against poverty, b./ rising the quality and equity of social programs, c./ ensuring financial sustainability of the system d./ restoring incentives.

Social policy includes: 1./ social income in cash (old age, survivors and disability pensions, sick pay, family allowance, maternity and child care allowances, student scholarships, social assistance, and unemployment compensation), 2./ social income in kind (health service and pharmaceutical subsidies, social services, education and training, other

subsidies such as culture and sports, and labor market services), together with 3./ housing and other consumer subsidies.

This reforms had to extend to comprehensive transformation of the large distribution systems (pension, health, education, housing, social benefits), reduction of social benefits according to the need and partially providing services in the market economy. There was consensus in CEE that the reform due to their inner shortcomings and to condition of their economy is unavoidable and indispensable. But the success of the reform needed proper concept of it and addition to this the success of it depended on starting up of the sustainable economic growth of their economy. This growth could provide such resource which could stop the unjustly deterioration of the welfare system and which were needed for improving this system. Without sustainable economic growth countries of CEE are not able to reform their welfare system according to the requirement matching to the Western European standard and for lack of this growth they can slip back into the condition of under developing countries, what would mean that the real and effective reform should have to postpone for long time.

The key issues for the design of welfare, social policy reform were

- > how to improve the efficiency of existing social programs so higher level of welfare is gained from a given level of expenditures, and
- > how to target the reduced expenditures to ensure that while some individuals experiences lower transfers no one put at risk of poverty or undue hardship.

It was very hard to solve these issues and to give positive answer the questions raised by these issues.

What were the priorities what can be set up? They were the followings:

- > the growth of total pension outlay to be curtailed through tightened eligibility;
- > structural reform of sick pay, family allowances and maternity child benefits and housing subsidies to reduce their share of expenditures and to improve targeting;
- > an increase in the level of social expenditures devoted to unemployment support and social assistance;
- > marginal increase in the share of GDP allocated to health and an expansion of enrollments in secondary and higher education; it is low in international standard as well and it is a good investment to improve the so called human capital, resources.

The requirements and goals listed above have been partially met and achieved. The result varies by country by country depending on their development levels and realized economic growth. Here we summarized the common features of the social policy of CEE by focusing on the main elements of the social policy. *The concept of reforms is rather well developed and commonly accepted in every countries of CEE, but the implementation of it is in very different stage.* Therefore first we outline the *concept of the reforms* and after that we present *what has welfare, social policy reform achieved.* We start with the pension system.

Reform of the pension system.

Pension system is one of the basic elements of the social policy. The society, the state has to step in dealing this question because

- > who has money, income but do not save for old age, spends it, there is an imperfect market in this case due to big risk which forces the market oriented insurance companies to charge high fee what a lot of people can not afford to pay, and also a hyper inflation can wipe out the value of saving,
- > a lot of people do not have money, income to save for old age, in all these case society has to pay the price, they become burden on society.

Therefore a proper system has to be developed in order to minimize the risk of this burden. That is the basic function of the pension system.

The state sponsored pension system started to develop at the 19th century in Germany by initiative of Bismark basically as a major part of social protection system. From that time a very elaborated and complex pension system has been created, especially in the developed industrialized contraries. But in all countries of EEC, it had problems and it had to be improved. The main issue was how much role that state and the individual should play. But there was a consensus, that a more transparent combination of three distinctive pillar is needed for old age security to meet *two basic objectives, that is the saving insurance objective and the redistribution objective. One pillar can not fulfill both requirements.* The reason of this that the design of every pension system consisting of both public and privately providing management activities has a built in conflict of interest

- > to save money for retirement and
- > to provide floor to be placed below everyone's living standards in retirement regardless of what actually earned and contributed.

One form of this multipillar arrangement could be

- > a Citizen's Pension providing more or less flat benefit to those who reach old age, it is a minimum pension for servicing,
- > transparently earnings related mandatory retirement saving plan,
- > voluntary pension plan.

How can the existing mandatory pension scheme be reform?

The main policy should be what could enable the existing pay-as-you-go (PSYG) scheme to survive well into the 21st century without becoming an intolerable burden on public finance.

There can be three actions what can be taken

- > increasing the effective retirement age
- > broadening the tax base, that is taxation of the pension as well
- > changing the indexation such a way what creates saving in the pension expenditures.

Addition to this there is a need to create a new system

- > a flat citizen pension, for example, universal benefit provided past at 65,
- > a new second pillar what will be still mandatory, but it should offer a clearer link between one own actual

contribution and return obtained in this scheme. It can be less generous than the system what exists now. It can be arranged on base of PSYG, that is where the annual contribution revenues are equivalent to the annual pension spending and on base fully funded, it accumulates assets the value of which is equivalent to all outstanding pension liabilities, but it needs a development of capital market and effective regulation.

The design and implementation of a well articulated transition from a public PSYG system to multipillar system lie at the core of successful pension reform. The new system should be able to generate some efficiency gain, even in transitional period and at the same time prove acceptable from fiscal point of view.

The speed of the reform also has to be taken into consideration. There can be two main strategies, an excessively gradualist one and an accelerated variant. Both has advantages and disadvantages which has to be examined before decision is made regarding to which is going to be chosen.

One of the most urgent social issues in CEE is the reform of social protection against the risks of old age and invalidity. In CEE until 1990 only the single pillar, pay as you go (PAYG) option existed. All government of the countries have declared their readiness to transform the existing single pillar systems into three pillar systems as recommended by the World Bank, IMF, EU Commission. However, the practice more than ten years of reforms shows how difficult it is to implement them. As observed in most of the countries, old age pensioners and invalids constitute a significant electoral group with an easily identifiable aim. This makes the issues of pension reform, - as the whole social policy reform too - highly political and dependent on electoral cycles. Furthermore, system reform requires at least one generation before achieving its full effects.

The first concrete step towards a three pillar scheme was taken in Hungary in November 1993 with passage of the Act on the Voluntary Mutual Benefit Funds. It regulated the optional retirement saving addition to mandatory national PAYG scheme. People, usually high earning white collar mainly middle age people are using this scheme. It is not mandatory, voluntary, that is saving oriented and using the resources efficiently. The state supports it by preferred tax treatment, but it has to be regulated in order it be safe, some risk be avoided. However this system is yet not well developed.

The real challenge on modernizing the Hungarian pension system lies in the choice of the second pillar, it has to solve the present problem, crises in the Hungarian PSYG scheme, that is the problem of unemployment tax evasion and early retirement.

One of the special problems in the Hungarian System is the high system dependency ratio. (It is the number of pensioners, including under retirement age disability pensioners divided by number of contributor to the pension funds.) It was 0,66 in 1993, one of the highest in the world, in 1990 it was 0,50. It rises when formal sector jobs are lost, because activity cease or it goes underground and evasion

occurs, pensions are awarded to those under 60 for man and 55 for woman, explosive growth of new disability pensions takes place (for example in 1993 27% of all pensioners received benefits originally awarded in disability grounds,) it is largely a function of soft lay off to escape from unemployment position.

All these could have led to unsustainable expenditure. To avoid this Hungary has introduced the three pillars system (in 1996) and has increased the retiring age (in 1996) and the funded pension component was introduced (in 1997). Although the reform is not complete yet, new pension laws have been put in place.

The Czech Republic and Latvia have followed the Hungarian approach, in the other countries, so far there has been much debate but little change in the policy. This lack of action can be dangerous because, in many medium term projection in many medium show that the present arrangements are not sustainable.

Reform of the health system.

EEC has an unfavorable health status. (For example a Hungarian man aged 45 can expect to live nearly six years less than his Austrian counterpart. Life expectancy at birth in 1991 was 65.1 in, not significantly better than in the late 1920s, and 72.6 in Austria, in the early 1960s both countries figure was around 67. In Russia, male life expectancy declined by six years between 1989 and 1994) That scandalous statistic suggests avoidable human tragedy on a massive scale, and huge economic costs, through foregone output and intensified catastrophic health care needs. It can be attributed to

- > unhealthy lifestyles, overwork and related stress and occupational and environment hazards,
- > CEE's health system has failed until recently to evolve in response to these needs, building perhaps on the false assumption that medical care alone, without corresponding changes in individual behavior, would solve all or even most of the problem of deteriorating status,
- > poor quality of health care.

They are the main reasons of a need for reform of health care system.

EEC's health system faces three major challenges today

- > to reverse the declining trend in life expectancy
- > to improve the standards of services offered to the public and
- > to maintain the almost universal access to service.

These objectives must be attained in an environment of greatly restrained financial resources. Therefore the key focus of health reform must be on reallocation within enveloping to obtain improved outcomes and better distribution of health care within it. There is a need for elaborating a National Health Promotion Program consisting parts focusing on

- > putting the financial reform back on track
- > restructuring pharmaceutical expenditure by limiting full coverage to a core package of essential drugs and

basing the level of subsidy on the price of the lowest cost equivalent drug,

> better combination of inpatient and outpatient services,

> to influence the low cost solution,

> regional allocation of budget resources on a capitation basis, it would force a more equitable distribution of care and reduce inefficiency,

> defining clearly the limit of the public funded Health Insurance Package, countries of CEE may need to come to terms with the fact that the full range of medical technology known today can not be quarantined universally in all cases of need with per capita public budgets at around 250 -700 dollar per year. This would require extensive analyses of

> the relative cost effectiveness of alternative intervention for specific diseases and

> of the extent to which the system can afford to pay for various alternatives,

> enhancing the autonomy of managers of health facilities, managers of the health facilities need and deserve to be granted greater autonomy to run health institutions as an independent economic units, responding to the signals offered under the new financing system, this includes the freedom to hire and fire staff and set salary levels on the basis of performance, to reach this end, the current laws that cover health workers under public service employment laws would need to be revised,

> restructuring the hospital system, the persistence of excess capacity in the health service system, and particularly inacute hospital care, continues to be a major cause of inefficiency, of financial shortages, and ultimately of poor quality services. (for example in Hungary in 1993, there were 33 physicians and 101 hospital beds per 10,000 population, the averages for EU countries, where per capita budgets for health are significantly higher than in Hungary, were 25 physicians and 90 beds per 10,000 in the same year, reducing excess capacity is a sine que non for successful health reform).

In Hungary the reform has been started already in late 1980s

> changes in the financial system has been introduced. Financing of health expenditures was shifted from state budget to a compulsory health insurance system by creating a Health Insurance Fund (HIF),

> subsidies on pharmaceutical retail sales were also transferred to HIF,

> introducing of family physician services and free choice of family physician,

> changes in ownership arrangement has been taking place, ownership of public health facilities was transferred from center to local government, and autonomous private practices, including private health service enterprises, were legalized,

> a National Health Promotion Program has started up, the program was initiated to increase awareness on the importance of health promoting behavior and develop programs to help individuals make these changes and train health professionals to offer such help.

The Czech Republic and Estonia are those countries which have achieved the similar results in the health reform what Hungary has done. However, even these countries are far to complete the reform. In other countries of CEE the reform is mostly only in conceptual phase and what they have done was adopting new legislation and establishing a legal framework (Health Insurance Law) for reform. Most of the countries the constitution guarantees the medical services to the citizens. Medical insurance systems are being developed, subsidies on pharmaceutical are being reduced, and eligibility for sickness benefits that were liberally granted in the past, are being tightened. The development of private alternatives in services delivery and funding for health have been encouraged, but the speed of reform differs from country to country. The implementation of this reform is slow and there are serious financial problems as well. For example, total state expenditure in the field of public health in 1995 was equal to 2% of GDP of the Russian. As a result of the increasing financial problems facing public health in Russia it is difficult to meet the constitutional guarantee to the population in the field of health protection and the medical services.

Family assistance allowances

In CEE there are many benefits available to families. The main programs are the following: maternity leave, birth pay, allowances for child-care, family allowances support to mothers of many children, assistant programs for the wife of recruits.

The most important in financial term is the family allowance. The objective of it is to support the well being of mothers and children, ease the employment child care dichotomy for mothers, and boost fertility. In countries of EEC there is a relatively high public spending on family benefits. For example in Hungary in 1993 the family allowance was paid to the parent of 2.28 million children, 3,0% of GDP. This level of expenditure places Hungary on a par with the most pro family countries in Europe, for example France (2.7% of GDP) and Netherlands (2.1% of GDP). The fact that that high public spending on family benefits is coexisting with increasing poverty among children clearly points to the need for a fundamental overhaul of the system. However important the objectives of encouraging fertility, supporting all parents during the years of early childhood, and assisting all families to help meet the costs of child raising, no country in the world can afford to stand back and watch increasing number its young citizens fall into poverty when it can prevent it. Poverty prevention and poverty alleviation are therefore considered the overriding public policy objective for family allowance. In most of the countries of CEE the situation is similar to the Hungarian one.

The approach has to be one of greater selectivity and targeting. Targeting can be achieved through

- > means testing,
- > bringing the transfer within the framework of income taxation,
- > providing payments to families exhibiting certain characteristics, known to be closely correlated with poverty,
- > heterogenic approach.

The majority of countries of CEE apply the last one. Hungary, for example, has the means testing and poverty related approach. Because, Hungary has not family taxation, the problem of those people outside the tax system, often poorest of all, taxation approach can not be applied in Hungary. In most countries, however, the reform of the family assistance programs has not yet been formulated. The governments' approach is incremental and their main concern appears to be improving existing programs and introducing new programs only where needed. (Violet Roxin-János Hoós.1995.)

Reform of the education system.

The one reason what justifies public education, government support for education that: there are important externalities associated with having an educated citizenry. A society in which everyone can read can function for more smoothly than a society in which few can read.

The justification for public support of education also arises from concern about the distribution implications of the private financing of education. Richer individuals will want to spend more on the education of their young, just as they spend more on cars, homes, and clothes. However, there is a widespread belief that the life-chances of a child should not depend on the wealth of his parents or the happenstance of the community in which his parents live. The prospect of upward mobility, that one's children will be better off, has provided much of the political support for public education.

These concerns about "equity" may explain why the government has taken an active role in providing education at the elementary- and secondary-school levels, but they do not fully explain the role of the government in higher education. If capital market were perfect, individuals for whom education is beneficial, for whom the return to education exceeds the cost, have incentive to borrow to finance their higher education. But private lenders are not, for the most part, willing to lend to finance education, hence those without funds of their own (or their parents') would be denied access to higher education without some assistance from government. There is good explanation for this: banks are concerned about the difficulty of getting repaid. The substantial difficulties that the government has had in getting loans to student repaid is consistent with these concern. Most public support for higher education has taken the form of free, or at least subsidized, education in state universities and colleges.

The concern for equality of opportunity has led to almost universal agreement that the government should play some role in provision of education. Less certain is what its role should be. The situation is different in every country, but there is a common feature, that they try to rationalize the education system, to make more efficient of the role what government has to play. This is the case in CEE as well.

Modernizing the education system means:

- > improving its quality and relevance,
- > maintaining nursery education, and
- > increasing access to upper secondary and higher education

It will have to be achieved

- > through more efficient use of existing public resources and
- > by mobilizing other resources.

Key areas are:

- > the rationalization of the institutional network,
- > further integration of research institutions,
- > reorganization of teaching programs and teaching staff, and
- > flexible learning arrangements - shorter, evening and correspondence courses.

Higher education, because of the substantial private returns to be gained from it in the evolving market economy, is also a target for cost sharing with its consumers. There are various ways to achieve this:

- > reducing student stipends and charging tuition fee, with appropriate funding mechanisms for students from poor families is one approach,
- > another is the levying of a proportional "graduate income tax" on beneficiaries of publicly-founded higher education once they enter the labor market and begin to reap the benefits (higher incomes) from their education.

But it can not be forgotten: as countries of CEE continues the transition to market economy, the importance of education grows apace; its central role underpinning a successful democracy, a functioning and growing market economy, and in ensuring social equality has to be widely acknowledged.

The reform of education system has started in every countries of CEE. The elimination of irrational parallelism and integration of the institution has begun. Decision-making responsibility for state education and vocational training is divided between central government, local government and number of different ministries. Most state education institutions come under the control of local government bodies. The curriculum has been modified according the new requirement of the market economy. A multi-sector school system – state and private schools – and some elements of a genuine market for professional services has been created. The major source of fund for education is still public ownership, which is contribute to the budgets of primary and secondary schools and vocational trainings, but the role of private fund has been increasing. However, the value of state contribution and financing in real terms remained unchanged or even decreased during the transition period. Due to that the education is underfinanced, especially if we take into consideration the economic and social importance of the educated and skilled population in a competitive modern market economy.

Problem of social exclusion. Poverty.

During the transitional period (from 1990) a growing number of households, including many headed by younger workers, slips into chronic poverty every year. It is due to the decline of the economic growth, rising unemployment and the shrinking of the welfare expenditures (in real term), reducing social transfer and declining public services. The increase in poverty differs widely from country to country, however, in some cases poverty may already have started to

decline. The varying pattern of output fall and recovery, together with the efficiency with the state provides basic investment in health and education and social safety net have been crucial determinants of the different developments of living standards in the transitional countries. (Transitional reports 1997.) That is, it should be noted, that poverty has many dimensions, of which income is only one. It is important to recognize these other dimensions, in particular health and education.

The Table 2 shows the poverty in selected CEE countries. Poverty can be measured also in absolute terms as the share of the population receiving less than the subsistence minimum income. According to this calculation in Hungary between 1.5-2.0 million people, about 15 % of population was below the poverty line in 1992. This figure has reached more than 20 % in 1994. This figure was 40% in Byelorussia, 20 in Estonia, 80% in Lithuania, 40% in Romania. (Violet Roxin-János Hoós. 1995)

The following type of household are most vulnerable to poverty, - they are those people who belongs to the category of the so called social exclusion, who are excluded from the decent living standard -: single- parent families, households with elderly heads, household containing unemployed persons, household where the working-age head is inactive, household where the head has low education, household having four or more children, gypsies. There has been shift in poverty from rural old to urban families with young children, away from special occupation to family circumstance, especially unemployment, and away from inactive households to households with active earners.

The key to containing and reducing poverty is resumed growth. However, for some people, such as those with outdated skills, elderly, or children in large families, growth in not complete solution. For such groups explicit remedial programs are needed. Even for the rest of the population, growth will need to be sustained to have a major impact on living standard.

*Table 2.
Inequality and poverty in selected transition economies.*

| Co Country | Gini coefficient | | Poverty head | | |
|-----------------|------------------|---------|--------------|------------|------|
| | Change from | | Income | Head count | |
| | 1993 | 1987-88 | 1987-85 | 1993 | 1993 |
| Bulgaria | 34 | 11 | 2 | 33 | |
| Czech Republic | 27 | 8 | 0 | 1 | 1 |
| Hungary | 23 | 2 | 1 | 2 | 6 |
| Poland | 30 | 5 | 6 | 12 | 12 |
| Slovenia | 28 | 4 | 0 | 1 | 1 |
| Estonia | 39' | 16 | | 23 | 21 |
| Kyrgyz Republic | | | | | |
| Ab about | 50 | 9-33 | | 76 | 57 |
| Russia | 48 | 14-24 | | 38 | 35 |

a. Percentage of population below the poverty line.

Source: From Plan to Market

The key to containing and reducing poverty is resumed growth. However, for some people, such as those with outdated skills, elderly, or children in large families, growth is not a complete solution. For such groups explicit remedial programs are needed. Even for the rest of the population, growth will need to be sustained to have a major impact on living standard. Reforms are also needed to correct the perverse redistribution of income, what contributes to this general trend of an increasing poverty incident. Therefore, the final solution for the poverty problem of ECC will be the successful social policy reforms and sustainable economic growth.

European Union (EU) and Social Policy of EEC

One of the main priorities of the policy of countries of EEC is to become member of the EU. The EU set requirements - including ones relating to the social policy as well - what should be met in order to get membership. These requirements put emphasis on the reform of social policy. Let us take two important examples:

In case of health reform they are: integration of the health

contribution collection in the tax authority; completion of the privatization of the family doctor's praxis; the system of medicine subsidies has been modified (for example: fixed amount subsidies has broadened; to start a comprehensive people's health offensive due to deteriorating health condition of the population, decrease of the number of population; to allocate larger resources for health care; the emphasis of public policy should switch from health care to health maintenance!

In case of pension system: the objective of pension reform is to give citizens the freedom to decide whether they are satisfied with the pension provided by Social Security, or whether they would like to take on a greater degree of responsibility for their retirement; to establish a "multi-pillar" pension system; strengthening of the insurance principle

Those countries of EEC which become member of EU - like Poland, Hungary, Czech Republic, Slovenia, Estonia for example, - should meet these requirements and by this the reform of social policy will be accelerated in these countries. At the same time the EU membership can strengthen the economic foundation creating and implementing of an efficient social policy as well.

REFERENCES

- A. H. GELB and C.W. GRAY (1991) The transformation of Economies in Central and Eastern Europe, *World Bank, Washington*
- C. OFFE (1992) The Politics of Social policy in Eastern European Transformation, *Seminar Paper No. 12, Cracow Academy of Economics*
- From Plan to Market. World Bank Report (1996) *Oxford University Press, USA*
- HOÓS J.-HÓGYE M (2000) *Gazdaságpolitika, Nyugatmagyarországi Egyetem, Sopron*
- HOÓS J (2002) A közösségi döntési rendszer, *AULA, Budapest*
- Hungary. Structural Reform for Sustainable Growth. A World Bank Country Study (1995), *The World Bank, Washington, D.C.*
- J. CAMPELL (1992) The Fiscal Crisis of Post-Communist States, *Telos*
- J. HOÓS (1997) "Emergence of Social Insurance Funds in Central and East Europe: Fiscal, Political and Social Aspects" Country Report: Hungary, *Journal of Transforming Economies and Societies. (EMERGO). Spring 1997. pp. 54-68*
- J. HOÓS Housing Policy: Its contradictions and Possibilities for Its Improvement in Hungary. Public Administration in Transition, *Edited by Jak Jabes & Mirko Vinter. NISPAsee. Third Annual Conference Held in Bled, Slovenia, March 23-25, 1995. p. 375-381.*
- Transitional report 1997, *European Bank*
- V. PESTOFF (1995) Reforming Social Services in Central and Eastern Europe - An Eleven Nation Overview, *Cracow Academy of Economics*
- V. ROXIN-J. HOÓS (1995) Social services in eleven central and east European Countries - comparative aspects. V. Pestoff: Reforming Social Services in Central and Eastern Europe - An Eleven Nation Overview, *Cracow Academy of Economics. 1995. pp.318.*

Zusammenfassung

Eine der größten Errungenschaften des Gesellschaftssystems der ehemaligen sozialistischen Staaten Osteuropas war die relativ gleiche, nicht extreme Einkommensverteilung. Dies war in erster Linie das Ergebnis der gewährleisteten Beschäftigung, der niedrigen Unterschiede zwischen den Löhnen sowie der intensiven sozialen Fürsorge seitens der Unternehmen. Die Unternehmen waren zur sozialen Fürsorge ihrer Beschäftigten und zu einem Beitrag zu den sozialen Aufgaben der jeweiligen Regionen „verpflichtet“. Die Sozialpolitik war durch die „von der Wiege bis zum Grab“ reichende staatliche soziale Fürsorge gekennzeichnet, durch ein staatlich gelenktes Pensionssystem, durch ein unentgeltliches Gesundheitsvorsorgesystem sowie Familienbeihilfen. Unter den sozialen Subventionen haben die Zuwendungen in Form von Naturalien eine große Rolle gespielt. Die Systemwende führte zu einer hohen Arbeitslosigkeit und zur Differenziertheit der Löhne im hohen Ausmaß. Vier miteinander verknüpfte Aufgaben ergaben sich daraus:

1. die Schaffung von Arbeitsplätzen, die dauerhafte Beschäftigung sowie Löhne gewährleisten
2. die Entlastung der Unternehmen bezüglich der Erfüllung von sozialen Aufgaben
3. der radikale Abbau der staatlichen Preissubventionen
4. die Gestaltung von neuen Beschäftigungsinstitutionen und –mitteln (z.B. Arbeitslosenunterstützung, Umschulungen)

Dies warf den Bedarf nach einer umfassenden Reform des sozialpolitischen Systems auf. Diese Reform musste sich auf alle Subsysteme dieses Systems erstrecken. Die Lösung der Aufgabe bedeutete bzw. bedeutet zunächst die Ausarbeitung des Reformkonzepts, sowie die den Gegebenheiten entsprechende, anschließende Verwirklichung desselben. Bedeutendere Erfolge können auf ersterem Gebiet nachgewiesen werden.

Összefoglaló

A kelet európai volt szocialista országok társadalmi rendszernek egyik legnagyobb vívmány a viszonylag egyenlő, nem szélsősége jövedelem elosztás volt. Ezt elsősorban a garantált foglalkoztatás, a bérek alacsony differenciáltsága és az intenzív vállalati szociális gondoskodás eredményezte. A vállalatoknak „kötelezettségeivé” tették az alkalmazottaikról való szociális gondoskodást, adott régiók szociális feladataihoz való hozzájárulást. A szociálpolitikát a „bölcstől a sírig” terjedő állami szociális gondoskodás jellemezte, államilag irányított nyugdíjrendszerrel, ingyenes egészségügyi ellátási rendszerrel, családsegélyezéssel. A szociális juttatásokba nagy szerepet játszottak a természetbeni juttatások. A rendszerváltozás nagyarányú munkanélküliséghez és a jövedelmek nagyfokú differenciálódásához vezetett. Négy egymással összefüggő feladat jelentkezett: a./ tartós foglalkoztatást és jövedelmeket biztosító munkahelyek teremtés, b./ a vállalatok mentesítése a szociális feladatok ellátásától, c. állami ártámogatások radikális leépítése, d/ új foglalkoztatási intézmények és eszközök kialakítása (pld munkanélküli segély, átképzés.) Ez a szociálpolitikai rendszer átfogó reformjának az igényért vetette fel. E reformnak ki kellett terjednie e rendszer mindegyik alrendszerére. A feladat megoldása először a reform koncepciójának a kidolgozását, majd annak lehetőségekhez képesti megvalósítását jelentette, illetve jelenti. Jelentősebb eredmények az előbbi területén mutathatók fel.