

Chris Hasselmann: Policy Reform and the Development of Democracy in Eastern Europe

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their usefulness. The book's recommendations are ambitious. Ringen advocates the extension of voting rights to children, the tying of supra-national decision-making to the democratic chains of power, and the re-introduction of local democracy. In particular, voters should be empowered instead of parties, concretely, by distributing party funds in the form of vouchers. These suggested innovations are certainly visionary and brave. However, channels to improve democracy for a better use in the future must pass through democracy as it exists today, with all its corruption and imperfections.

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Chris Hasselmann: *Policy Reform and the Development of Democracy in Eastern Europe*

Aldershot (UK) and Burlington, VT (USA)
2007: Ashgate, 196 pp.

During the 1990s a vast number of studies ventured to explore the complexities of political and economic transitions or *transformations* in Central and Eastern Europe. Regrettably, the numerous and often very detailed and extensive investigations of democratisation and market reform processes in the region for the most part omitted a comprehensive discussion of policy and especially social policy. The end of the decade brought about a welcome change to this trend. Many scholars 'rediscovered' the significance of the welfare state, and of pension reform in particular, as one of the most fundamental and potentially perilous elements of this unprecedented historic change. Today, however, much too often analyses pay insufficient attention to the domestic and international contexts that shape policy making and policy outcomes. In this regard, Chris Hasselmann's book

is a welcome exception. His study aims to connect three processes that are rarely analysed together and compared on the basis of detailed empirical evidence: democratisation, privatisation (market reform), and social policy (pension) reform.

The attempt to explain the complex politics of welfare state reform in connection to the emerging system of new interest groups deserves particular attention as an original and potentially theoretically rewarding premise of the book. Hasselmann seeks to demonstrate the existence of a causal link between the privatisation process and its outcomes, producing both 'winners' and 'losers', and specific groups and individuals mobilised in an effort to shape the process of pension reform in Poland, Hungary, and the Czech Republic. All this, the author claims, provides solid proof of the success of democratic consolidation in the region.

By far the book's greatest strength lies in its analysis of the politics of pension reform in each country and in the convincing argument in favour of the predominant role of domestic actors. The author demonstrates broad knowledge of all cases. Yet it would help the analysis considerably to include at least sample data on pension spending. Hungary stands out as the most thoroughly researched example of the extremely convoluted and frequently misunderstood struggle for pension reform during the 1990s. The few omissions or errors are mostly confined to the other two cases, Poland and the Czech Republic. For example, the Polish Social Insurance Institution (ZUS) opposed mandatory private accounts for a long time, especially since this idea was first introduced in Poland in 1991, long before the famous World Bank report of 1994 was publicised there. Also, the role of stakeholders and various actors involved in the process of pension reform could be expanded and explained a little better. For instance, there is no mention of the close fusion of union and governmental

social policy expertise in the Czech Republic (and previously in Czechoslovakia) and the pivotal role of the office of the minister of labour (not just personalities) in social policy-making in Poland. Moreover, in the 1990s the pension reform process should not be reduced to the introduction of the mandatory private pillar. Throughout the period discussed in the book, issues such as the level of indexing, retirement age, and various bonuses for key occupational groups were no less important. Whereas the last two of these are addressed in the book in some fashion, the indexing problem is mentioned only briefly, even though it appears to have been of pivotal importance to the public in all three countries, where the paramount concern was to preserve, and if possible, continue to increase the existing benefit amounts for current retirees. In addition, regardless of the formal label, proposed 'private' pensions were invariably a 'public' as well as a 'private' (individual) good (see p. 127) as long as they remained firmly within the larger social insurance system underwritten by the government. Indeed, we must keep in mind that the state guarantees for the *existing* pension payments and privileges, much more so than anything else, always played a key role in the relationship between the regime and society in the region, regardless of the type of government system.

This brings us to the central question and the main thesis of the book: does the ten-year history of pension reform in the region demonstrate the success and consolidation of 'western-style' democracy in Eastern Europe? I would argue that the way this argument is set up in the first place is reflective more of the earlier period in the literature, when the academic debate among the so-called *transitologists* focused on the very survival of the new democracies in Central and Eastern Europe (see, for instance, Przeworski 1991; Jowitt 1992; Linz and Stepan 1996, etc.)¹. Since then all of these countries have been through half

a dozen or more electoral cycles, and of course all of them were admitted to the EU as 'consolidated democracies' in 2004. Nevertheless, anyone who follows Polish, Czech or Hungarian politics on a regular basis would agree that the actual quality of democratic rule, especially in terms of the stable and effectual relationship between the state and civil society has not yet reached satisfactory levels, and in some instances has even regressed in recent years.² Hence, it would have been more timely, and also more accurate given the focus of the book on the emergence of societal interests, to concentrate more on the specific, imperfect dimensions of democracy, and in particular on the problematic quality and transparency of the policy-making processes. Although, as noted above, the politics of pension policy reform is very well explained in the book, a more comparative angle emphasising differences in national policy-making contexts would help. It would also be useful for the reader to see more discussion of the particular institutional players and their normative preferences. The author is right to emphasise the Bismarckian roots of the social security systems in all three countries, but understanding the way in which these systems have developed since 1989 and also under communism is essential if we are to understand the considerable divergence in policy outcomes today. While it is true, for example, that various societal groups participated in the pension reform, their role is neither new nor as consequential as Hasselmann sometimes seems to suggest. Many of these groups and stakeholders have carried over their mission from the communist era and their impact under new democratic conditions has varied widely among the three cases.

Although the author is right to emphasise that Poland displayed the most contestation, we should not exaggerate the actual impact of civil society in the process of welfare state reform in any of these coun-

tries. There is sufficient evidence – including data provided in this book – to demonstrate that the pension legislation was drafted and amended by a very small group of government experts, with only token ‘consultations’ with outside groups. In sum, although theoretically intriguing, the attempt to link the ‘winners’ and ‘losers’ of privatisation to the actual pro- or anti-reform coalitions seems insufficient to demonstrate the actual causal connection between societal pressures and policy outcomes that would contribute to democratic consolidation. Furthermore, the final attempt, in the conclusion, to shift the focus of discussion to the international factors, such as the important, but by no means pivotal role of the World Bank and the IMF, unnecessarily weakens the central argument of the book that rightly highlights the domestic environment of policy making. Finally, even though the pension reform may not be the best test case for the consolidation of democratic rule in the region, this type of investigation is badly needed in our field. Hopefully, Hasselmann’s book will be followed by many more comparative and contextualised studies of decision-making in other areas of public policy.

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Notes:

¹ Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (New York: Cambridge University Press, 1991); Ken Jowitt, *New World Disorder: The Leninist Extinction* (Berkeley: University of California Press, 1992); and Juan Linz and Alfred Stepan (eds.), *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*. (Baltimore, MD: Johns Hopkins University Press, 1996).

² For a recent comprehensive discussion of the quality of democracy in Central and Eastern Europe, see the special issue of the *Journal of Democracy* (October 2007).

Alfio Cerami: *Social Policy in Central and Eastern Europe: The Emergence of a New European Welfare Regime*
Berlin, 2006: LIT Verlag, 274 pp.

In *Social Policy in Central and Eastern Europe*, Alfio Cerami takes on the tremendously difficult task of aggregating welfare policy information on all new member states of the EU and presenting his findings to discuss whether a new European welfare regime is emerging in Europe or not. This is a noteworthy effort. The task of the book is especially difficult granted the extent of problems that the new member states of the EU are facing in their efforts to seek a compromise between economic efficiency and social solidarity. To the extent that the Central and East European states (hereafter CEE) can establish and maintain such a compromise, their societies will benefit from European integration. However, so far, the picture of the CEE states in the EU is that their integration process is far from complete and – though at different levels – the EU integration process imparts a push for change in all new member states. Even widely-noted success stories, such as Slovenia and Slovakia, are reassessing their models of development: in the case of the former given the stagnating competitiveness of the country and in the latter due to the social costs of the strongly neo-liberal turn in the country in the late 1990s and the beginning of the decade.

Cerami seeks to underline the underlying thread of similarity in social policy making in all CEE states rather than discussing a limited number of them in a selective and more comprehensive manner. While this approach is methodologically acceptable, the reader lacks in-depth information on the outlying cases. In the end, presenting an overview of the problems that the new EU member states face in their ‘continuously evolving’ social policy during their transformation into EU member states and of the ‘developmental