Silent Non-Exit and Broken Voice:

Early Post-Communist Social Policies as Protest-Preempting Strategies

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Abstract

This essay contributes towards the development of an analytical political sociology analysis of post-communist policy pathways and applies this by reinterpreting the social policy pathways taken by Hungary and Poland. At the critical historical juncture of the early 1990s, governments in these new democracies have used social policies to proactively create new labor market outsiders (rather than merely accommodate or deal with existing outsiders) in an effort to stifle disruptive repertoires of political voice. Micro-collective action theory helps to elucidate how the break-up of hitherto relatively homogenous clusters of threatened workers into newly competing interest groups has shaped the nature of distributive conflict in the formative first decade of these new democracies. This indicates how the analytical political economy of post-communist social policy can advance and modify current, predominantly Western-oriented, theories of insider/outsider conflict and welfare retrenchment politics, and can inform future debates about emerging social policy biases in Eastern Europe.

Key words
Collective action theory; Path dependency; Strategic social policy; Old-age policy bias; Pensioner politics; Hungary; Poland

Introduction: the 1990s as a critical juncture in shaping policy pathways

Numerous observers of the post-communist transitions in Central and Eastern Europe have pointed out that these historically unique instances of large-scale social change have also been accompanied by often severe social costs. ¹ Beyond short initial honeymoon periods immediately after the fall of

the Berlin Wall, reforming governments in the region have generally not been able to prevent protracted reforms costs, and have often paid for this with short-lived tenure periods. An important communist inheritance was the comparatively secure and virtually universal jobs and social rights and provisions. This led post-communist voters, much more than those in the liberalizing parts of Latin America in the 1980s and 1990s, to expect that the government would intervene extensively in the provision of social safety nets. Indeed, the high reliance on state social support was a feature that survived into the twenty-first century among voters raised and socialized during communist regimes. Not surprisingly therefore, post-communist governments found it extremely difficult to retrench welfare state programs in the first post-communist years. For instance, Lipsmeyer (2003: 551-552) shows that in five post-communist countries, between 75 and 88 percent of respondents believed that government should definitely or probably be responsible for a job for everyone in the


mid-1990s. Between 57 and 91 percent thought that government should spend "much more" or "more" on retirement, and between 95 and 98 percent thought that government should definitely or probably be responsible for a decent standard of living for the old. Especially in the case of old-age pensions, support for state involvement was patterned relatively straightforwardly according to self-interest along lines of age and class: support systematically increased with age, and decreased with income. Post-communist support levels for state protection against social risks were not only high. Consistent with findings on Western welfare states, those most at risk typically recorded the highest levels of support.

Beyond drops in electoral support as a result of the social costs of transition, exposed workers could actively resist reforms through collective protests of the kind that have frequently disrupted reforms in the developing world. Post-communist transition losers enjoyed, by definition, higher levels of freedom and political resources than before to organize reform protests. Consider the plight of threatened workers, post-1989. Wide across post-communist Europe (with the sole exception of the Czech lands), unemployment shot up very rapidly after many decades of near-zero official levels. Crucially, the threat of job loss was not equally distributed, but strongly stratified along geographical (urban-rural) as well as educational lines. For instance, in 1995, 1998, and 2003, unemployment in Poland ranged between 1.5 and 4.4 percent among university graduates, but between 35.5 and 39 percent among those with basic vocational education (Packzynska

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In all four Visegrad countries, for instance, the variation in regional unemployment levels tended to be significantly larger than in Western economies (Boeri et al. 1998; Baxandall 2004). Exposed workers were closely linked in terms of both social-economic and professional status and geographic location. Since active social networks occur naturally at workplaces, these form an ideal environment for grievance sharing, coordinating and mobilizing workers for reform protests. The greater the specificity of the attribution of blame for reform costs, the greater the probability of protest was likely to be.\footnote{Sulitzeanu-Kenan, R. and Zohlnhoefer, R. (2019), ‘Policy and Blame Attribution: Citizens’ Preferences, Policy Reputations, and Policy Surprises,’ \textit{Political Behavior} 41 (1): 53-77; Javeline, D. (2003), ‘The Role of Blame in Collective Action: Evidence from Russia,’ \textit{American Political Science Review} 97 (1):107-121.}


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proposes a way of accounting for it by looking at how political agency was used by policymakers in power to reduce the aggregate societal mobilization potential. I argue that early post-communist governments strongly committed to pursue economic reforms resorted to the strategic use of their state power in an effort to ensure political order and safeguard initial reforms.

The scope for such proactive political agency by powerholders was particularly large at this historical juncture of the early stages of transition. Under communism, special interest groups were either formally incorporated within the state apparatus or repressed and marginalized. The 'opening up' after 1989-1990 of multiple dimensions of politics and society, by contrast, made early transition the archetypal ‘unsettled times’ highlighted by comparative historical institutionalists and by students of institutional change and path dependency as (temporarily) highly conducive to agency and strategy.\(^{11}\) Policymakers faced the complex task of directing simultaneous transformations of multiple policy domains. There undoubtedly was policy overload relative to existing administrative capacities. Yet this context also provided post-communist politicians with critical opportunities to shape policies to their own benefit. Laws, institutions, even constitutions - the very rules of the political game - were being shaped and reshaped. While obviously constrained by the institutions and capabilities at hand, key policymakers had a higher-than-usual opportunity to 'rework' this existing institutional material.\(^{12}\) Recent empirical studies of the drivers of institutional and policy outcomes in CEE corroborate such an agency thesis. For instance, much of


the large diversity in postcommunist regime diversity (despite the monolithic legacy of prior communist rule) can be traced to a relatively short window in the early 1990s. And far from resulting mainly from transitional fates or (non-)responses to external international pressures, CEE governments have been able to actively shape the living conditions of their citizens by means of specific policy decisions and policy reforms.

Theoretically, this essay contributes towards the development of an analytical political sociology analysis of post-communist policy pathways, and applies this by reinterpreting existing empirical studies on Hungary and Poland. Specifically, I use micro-collective action theory to build upon the theory put forward in Divide and Pacify to argue that, as a strategic alternative to avoid political blame, governments in both these democracies during the critical juncture of the 1990s have proactively created (rather than post-hoc compensated or accommodated) transition losers and/or labor market outsiders in an effort to avoid political protests and to stifle disruptive repertoires of political voice. Analytically, this distinction between blame avoidance and protest avoidance mirrors that between 'routine' politics (aimed at reducing electoral losses) and 'contentious' politics (aimed at reducing political disruption).

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the tradition of Olson, Hardin, and Marwell and Oliver\textsuperscript{17} in turn helps to elucidate how the break-up of hitherto relatively homogenous clusters of threatened workers into newly competing interest groups has shaped the nature of distributive conflict in the formative first decade of these new democracies.

**How social policies generated competing interest groups and reduced collective mobilization potential**

The key thesis of the divide and pacify theory is that soon after 1989-1990, Hungarian and Polish governments split up and thereby ‘immobilized’ post-communist reform losers by splitting up groups of well-networked and formally organized at-risk workers into different subgroups with newly conflicting material interests and fewer common social ties.\textsuperscript{18} In the first seven years after 1989 alone, literally hundreds of thousands of workers were transferred out of the labor force and onto early pensions and disability pensions. Whereas the number of 60-plussers remained stable in Hungary and grew by ten percentage points in Poland between 1989 and 1996, the number of old-age pensioners increased by, respectively, one-fifth and 46 percent. In the same period, the number of disability pensioners also increased by one-half in Hungary and by one-fifth in Poland.\textsuperscript{19} By

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\textsuperscript{19} Vanhuysse, P. (2004), ‘The Pensioner Booms in Post-Communist Hungary and Poland: Political Sociology
establishing these new categories of working-age labor market outsiders, governments could defuse
the potential for protests by exposed workers simultaneously threatened by job loss. To achieve
this, 'divide and pacify' strategies revolved around two, essentially Bismarckian, social
mechanisms. First, material benefits were selectively provided to particular target groups whose
opposition to reforms would have been most effective in disrupting economic reform progress.
Second, these policies 'created' distributional conflict between groups that, until that moment, had
shared similar objective interests, thereby newly sub-dividing them into different social and
administrative status categories.

For present purposes, this implies that at-risk workers were newly separated, de facto and
administratively, into four different categories. Precarious citizens of labor market age were
internally divided into: (1) regular jobholders, (2) unemployed workers, and (3) irregular or
premature (that is, early or disability) pensioners. In addition, there was the category of (4) regular
(old age) pensioners. This essay analyzes in greater detail the political mobilization and collective
action consequences of this four-way split as it was first identified in Vanhuysse’s Divide and
Pacify. The key starting point here is that seemingly similar individuals – say, newly unemployed
miners or steelworkers (group 2) and newly retired early pensioners who until recently were also
miners or steelworkers (group 3) - may nevertheless have very different and jointly lower collective
mobilization capacity by virtue of being new members of analytically different social groups in
terms of traits such as physical input resources, prior organization, social networks ties, and
individual agency. As an exercise in analytical political sociology, it aims to further flesh out these

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‘Welfare State Formation in the Enlarged European Union – Patterns of Reform in the Post-Communist
traits and the sociological reasons why early ‘divide and pacify’ policies could have such collective mobilization-reducing effects. Table 1 analyzes these four groups along eight different collective action dimensions identified by Marwell and Oliver and Hasselmann.²¹

Table 1 here

Clearly, the rise of unemployment post-1989 was always bound to create a new category of unemployed workers (Group 2). Similarly, offloading workers at risk of job loss onto public pension systems (Group 3) has long been a strategy for labor force reduction in the advanced welfare states of continental Western and Southern Europe. But there, it evolved gradually over a number of decades, rather than in just a few years.²² As Vanhuysse points out, what made the early exit template in post-communist Hungary and Poland so remarkable was the unprecedented speed and scale with which this template was used. Hundreds of thousands of working-age Hungarians and Poles newly retired in the scope of less than one decade.²³ Moreover, the political consequences of the breaking up of clusters of exposed workers into the four interest groups displayed in Table 1 have been particularly far-reaching in the post-communist case.

Collective action micro-theories help to lay bare some social mechanisms that have contributed to the stifling of political protests as a result of these social policies. Ever since Olson’s seminal Logic of Collective Action, such theories start from the observation that in order to obtain


their goals, notional "interest groups" -- sets of individuals with similar interests -- typically need to organize collectively and pressurize governments. Collective action, however, has strong public-good characteristics. On the plus side, pressurizing governments for favorable policies tends to display a significant degree of jointness of supply. That is, the cost of providing this goal rarely increases, and the benefit derived from it rarely decreases, in exact proportion to the number of group members. All else equal, large groups therefore enjoy an advantage in organizing, as more members may lead to lower per-capita costs of contributing to collective action. On the down side, however, collective protests provide non-excludable benefits. If successful, even group members who did not participate cannot be prevented from consuming the benefits that were obtained. Free-riding thus becomes a core problem for collective action.

Deciding independently from one another, individuals will prefer spending their limited resources on an (excludable) private good while hoping to free-ride on the (non-excludable) public good financed by others. If as a worker or pensioner I choose to use my working day to earn informal wages in the black market while my peers use their day to protest against our firm’s imminent closure or our pension's real value erosion, I may both earn an extra income and keep my regular job or my pension revenue. Yet, if everybody reasons likewise, the firm will close down, or pensions will be cut. In line with Olson's seminal argument, providing participants with selective benefits –private rewards or penalties—may then become the best hope for successful collective action. However, the social and political-economic characteristics of interest groups themselves form an important further determinant of the likely success of collective action mobilization. Crucially, these latter characteristics are to some degree malleable by public policy.

24 Note that this contradicts Olson’s (1965) notorious thesis, which concluded that, unless selective incentives are provided, group size always has a negative effect on collective action. As Marwell and Oliver (1993, Ch. 3) demonstrate, Olson's conclusion is entirely contingent on a number of stringent and unrealistic assumptions. Most problematically, Olson assumed zero jointness of supply: individual benefits (costs) from collective action decrease (increase) proportionally with the number of group members. Most public goods, however, have a positive degree of jointness of supply.
– and post-communist governments have used this opportunity to break political voice against reforms.

**Broken voice**

Just like regular (old age) pensioners (Group 4), all three groups of exposed workers had a high interest at stake (Dimension 1). These were transition losers: materially disadvantaged actors for whom the outcome of state intervention, whether in the form of higher welfare benefits or better job protection and work conditions, had a high marginal utility. Dimension 2 captures the group size effect.

**Group size**

Breaking up an originally large and economically homogenous group of *ex ante* threatened workers by keeping some of them in jobs (Group 1), sending some onto unemployment benefits (Group 2), and many others onto irregular pensions (Group 3) significantly neutralized the group-size based source of success in collective action. This also indicates how Hungarian and Polish social policies changing the work-welfare status of many members of a large *ex ante* group of threatened workers could reduce these actors' aggregate mobilization capacity. In the absence of these policies, the first three *ex post* groups of working-age actors might have been able to overcome collective action hurdles by sticking together and overcoming critical thresholds level through sheer numbers. Once divided, however, Groups 2 and 3 were now locked in distributional struggle for scarce state resources (unemployment benefits versus pension benefits). The newly created category of irregular (working-age) pensioners, simultaneously diminished the number of tax and social security contributors and increased the number of welfare dependants. In the context of a fiscal crisis of the post-communist state, public spending on pensions then came at the expense of other
welfare state programs, including unemployment benefits, thus breaking up the likelihood of coalitions between pensioners (Groups 3 and 4) and the unemployed (Group 2).

In contrast, for Group 1, the prospect of public pensions became increasingly uncertain, making it more worthwhile to fight for current job conditions. In collective action terms, fast declining fertility and (more slowly) increasing longevity in post-communist societies transformed future public pensions into a public good without jointness of supply for workers. That is, an increasing number of current workers (future pensioners) would soon claim their quasi-legal share from a decreasing pool of public pension resources. This led to classic "fiscal leakage" perceptions, whereby current workers were less and less willing to push for higher current pensions.\(^{25}\) The decreasing jointness of supply associated with population aging set into play the unique scenario in which Olson's classic group size paradox does apply. As the size of this particular interest group (future pensioners) increased, the probability of collective action regarding pensions would then decrease.\(^{26}\) Ongoing job losses and general labor market insecurity further reduced the potential for interest coalitions between workers and the unemployed.\(^{27}\)

To be sure, the World Bank and other institutional observers of post-communist pension systems have unfailingly warned that these systems would be facing rapidly worsening demographic conditions in the twenty-first century.\(^{28}\) But what such studies fail to mention is that


it was \textit{policy decisions at the start} of transition, when demographic conditions were far better than in most Western societies, which \textit{precipitated} these pension systems' structural problems\textsuperscript{29}. As a result, there was a fast-increasing gap between old-age dependency rates (a demographic measure) and pension system dependency ratios (a policy measure) throughout the post-1989 period. The covered wage bill (measuring the total amount of wages actually \textit{paying contributions} to the pension system as a percentage of GDP) decreased marginally in Poland, from slightly below to slightly above 27 percent between 1992 and 2002. And it dramatically decreased in Hungary from 32 percent in 1990 to 24 percent towards the end of the 1990s. Effectively, some 28 percent of wages disbursed evaded contribution payment in Hungary in 2002.\textsuperscript{30}

\textbf{Financial resources: mean and distribution}

Once threatened workers were split up, the resulting three groups all featured a combination of low average levels of financial input resources (Dimension 3) and relatively homogenous distributions around these mean values (Dimension 4).\textsuperscript{31} By their own, these two traits already provided dim prospects for successful collective action. All else equal, low average resource levels are an obvious obstacle, as this reduces the possibility of overcoming mobilization costs or paying out selective incentives. A small dispersion of individuals around any given mean level of input resources further


\textsuperscript{31}In the case of threatened workers and irregularly retired and unemployed people, this is in part by virtue of the way they have been defined, namely as local clusters of actors with similar skills and workplaces that were simultaneously threatened or struck by redundancy. In the case of regular pensioners, the assumption of a high degree of homogeneity with respect to their interest in the public good derive directly from the fact, noted above, that under pay-as-you-go pensions systems pensioners tend to be heavily dependent on the state as the main source of their income.
reduces the likelihood that there will be a sufficient number of individuals at the extreme of the distribution who could get together and overcome initial critical thresholds to get collective action started.\textsuperscript{32} Already around 1989-1990, the distribution of pensioners' incomes was already more egalitarian than that of the population at large in post-communist societies. But in subsequent years, pensioners' incomes were subject to stable or decreasing inequality at a time of increasing income inequality in the general population. Thus, in Hungary between 1987 and 1996, the Gini coefficient of income inequality shot up from 23 to 29 percent for the population as a whole, while the 75/25 percentile ratio increased from 1.6 to 1.8. But for pensioners, the Gini remained stable at around 22 percent, while the 75/25 ratio went down from 1.6 to 1.5. In Poland, the Gini went up for the general population (from 28 to 31 percent) but it went down for pensioners (from 26 to 25 percent), whereas the 75/25 ratio remained stable (at 1.9) for the population and decreased (from 1.8 to 1.7) for pensioners.\textsuperscript{33} All four groups in Table 1 furthermore combined a high interest in obtaining the public good (Dimension 1) with few financial resources for contributing to its provision (Dimension 3). For instance, in Eastern and Western societies alike, labor market outsiders and the unemployed also reported more frequently to have persistent financial worries than did jobholders. And unlike in Western countries, in post-communist societies these responses went up as unemployment spells grew longer.\textsuperscript{34} In terms of collective mobilization potential, this negative correlation of interests and resources created additional hurdles. If those who are most interested in the good have the smallest resources to provide them and vice versa, little success can generally be expected. For such sets of circumstances, collective action theory offers a crisp and clear


prediction: ‘…what we expect to see in most relatively homogenous groups of not very resourceful individuals facing [slowly] accelerating production functions is a lot of nothing going on.’\textsuperscript{35}

The core differences in protest capacity between these four groups resided in Table 1’s bottom four dimensions: their physical input resources, prior organization, social networks ties, and individual agency traits. Those targeted to go on early and disability retirement were pensioners only by policy fiat. In terms of physical resources, these working-age pensioners differed from regular elderly pensioners (Group 4), who were naturally characterized by low average levels (Dimension 5) and a heterogeneous, since strongly age-driven, distribution (Dimension 6) of physical input resources.\textsuperscript{36} But as with their unemployed peers in Group 2, the new social and material circumstances of Group-3 pensioners implied higher obstacles for disrupting the polity.

\textit{Sociability and agency}

As Dimensions 7 and 8 indicate, compared to workers, abnormal pensioners and unemployed workers were newly confronted with social network and individual agency mechanisms that created near-insurmountable obstacles for them to mobilize for disruptive protests. Theorists of collective action and social networks in the tradition of Granovetter have long established the key role of sociability and agency in determining the likelihood of political participation.\textsuperscript{37}


\textsuperscript{36} One way of proxying these physical input resources of the elderly is by looking at their participation in informal economic activities. For instance, while 35 percent of persons in the 60-64 age category earned additional income from employment in Hungary and 75 percent took part in informal agricultural work in the second economy in 1983, the equivalent rates continued declining steadily with age, reaching respectively 8 and 65 percent in the 80+ category. Similarly, average monthly earnings from employment among three different categories of elderly persons (former white-collar workers, former blue-collar workers and former agricultural workers) decreased consistently with age. While the 60-64 age category earned more than the 65-69 category in all three groups, the latter category in turn earned more than the 70-74 category, and so forth. Szalai, J. (1991) ‘Hungary: Exit from the State Economy’ in M. Kohli, M. Rein, A.M. Guillemand and H. van Gunsteren (eds), \textit{Time for Retirement}. Cambridge: Cambridge University Press, pp. 351, 353.

theories of social capital indicate an inverted U-shape of the relationship between age and membership in civil society and organizations, with peak levels of membership between ages 45 and 55, and steeply declining membership thereafter. Civil society membership, in turn, is positively correlated with a range of agency and collective action measures, such as working to solve local problems, forming new groups to solve social problems, and contacting local government regarding local problems, and with the number of different sorts of weak ties with whom one discusses important matters. Sociological studies similarly find that measures of economic success such as work for pay, income, and human capital significantly increase both the number of organizational memberships and the size of individual networks. Age, by contrast, has a significant negative effect on both variables.

These social mechanisms served to further reduce political voice in post-communist Europe. Against a background of already very low civic involvement generally, labor market outsiders such as the unemployed, pensioners, and housewives were still less active in civic associations. By contrast those Poles most active in civic associations have tended to be economic winners of transition who had not yet lost all faith in the efficacy of their involvement, such as the highly educated, managers, intellectuals, and those who perceive their material situation to be good, as well as residents of large cities. Similar results obtain when comparing network contacts and

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39 Specifically, the following correlation factors have been observed between these social network and individual agency variables and civil society membership: working to solve local problems (0.30), forming new groups to work on social problems (0.27), contacting local government regarding local problems (0.36), and the number of friends (0.18), neighbors (0.03) and group members (0.29) with whom one has discussed important matters in the past six months. See Glaeser, E.L., Laibson, D., and Sacerdote, B. (2002), ‘An Economic Approach to Social Capital,’ *Economic Journal* 112, p. 457.


memberships in voluntary associations of Hungarian low-skilled white-collar and low-skilled blue-collar workers, managers or self-employed persons, and entrepreneurs. While the two groups of low-skilled workers were less sociable than the latter two, they were still more sociable than the unemployed and the pensioners.\textsuperscript{42} There were strongly stratified patterns of Polish civil society involvement along three major dimensions, all three of which tend to be strongly correlated with winner-loser status: (a) the rural-urban dimension (of those who identified themselves as actively involved, 22 percent lived in villages as compared to 33 percent in towns of more than half a million inhabitants), (b) the education-human capital dimension (of all civil society participants, 16 percent had primary, 20 percent vocational, and 46 percent university education), and (c) and the socio-professional dimension (17 percent were unskilled manual workers, 18 percent farmers, 27 percent skilled manual workers, and 62 percent managers or intelligentsia).\textsuperscript{43}

The social networks of working-age labor market outsiders are not necessarily less extensive than those of insiders, but outsiders tend to engage more extensively in passive activities and to report a lesser sense of purpose and power over their lives.\textsuperscript{44} This constitutes the individual agency aspect of Dimension 7. Moreover, outsider's social networks tend to become increasingly segregated from insiders over time, as they are able to retain fewer weak social ties – the sociability aspect of Dimension 7. For instance, in Eastern and Western Europe alike, consistently fewer unemployed than employed respondents reported being able to rely upon someone from outside their household when they needed money, were depressed, and were looking for a job.\textsuperscript{45} As


\textsuperscript{43}Packzynska, A. (2005), 'Inequality, Political Participation, and Democratic Deepening in Poland,' East European Politics and Societies. 19(4), p. 610.


Granovetter (1973) famously indicated, such weak ties formed by colleagues, classmates and acquaintances beyond kin and trusted friends guarantee a wider reach and a higher openness the outside world. Consequently they are more conducive to centralized leadership and mobilization for collective action. In a context of high and rising unemployment, these declining social outreach and individual agency effects were likely to be especially pronounced among post-communist labor market outsiders. Between 1993 and 2000, the share of long-term unemployment within total unemployment grew almost continuously, going from 32 to 48 percent in Hungary and from 34 to 45 percent in Poland.¹⁶

_Prior organization_

Like normal pensioners, the unemployed and abnormally retired faced comparatively much harsher organizational costs for collective action (Dimension 8). Compared to Western democracies, interest groups in East Central Europe were less dense and well-defined even a decade after the fall of the Berlin Wall.⁴⁶ No pre-established organizations existed that represented the interests of the pensioners or the unemployed. Hence in terms of protest mobilization, the collective action problem confronting these groups was the larger one of setting up a new organization from scratch. There are significant frontal costs and positive selective incentives required to get a formal organization going, as opposed to using an existing organization, even one originally set up for different goals. Pre-existing organizations often face smaller monitoring and inducement costs, or even negative costs (the imposition of sanctions and penalties to defectors, rather than the payment of benefits to them), to prevent the unravelling of a protest coalition. Not surprisingly therefore,

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In sum, early and disability pensioners and unemployed workers could be expected to face much higher hurdles in organizing disruptive social protest movements - even compared to those workers who belonged to similar age cohorts or who had similar socio-economic backgrounds. In fact, (working) workers were the only group whose particular group characteristics led to moderately favorable mobilization prospects despite a homogenous distribution and adverse correlation of interests and material resources. In other words, by sending some threatened workers into unemployment and others into irregular retirement, social policies essentially closed down one significant remaining mechanism by which these workers might have overcome mobilization problems. The unemployed and pensioners were individual members of large anonymous categories that did not convene in any regular or structured way. By contrast, threatened workers were likely to be closely linked socially and spatially, in the double sense of interacting in the same firm or industry, and, within these entities, of belonging to the same occupational category in terms of job skills and job chances. As we have seen, workers were further distinguished from the
unemployed and pensioners by their higher levels of formal organization as well as the higher heterogeneity of their social interactions. By transferring individuals from the former to the latter work-welfare status, welfare policies could thus reduce the likelihood that some local cluster of workers could exploit their high connectedness and their prior organization to get things going despite low levels and high homogeneity of financial resources and because of their high levels of interest. While the capacity of Groups 1 to 4 for disruptive voice (in terms of large-scale strikes and protest movements) was significantly lowered, this did not in principle preclude a more vigorous resort to peaceful voice. With actual physical 'exit' from the polity limited to those (typically younger) transition losers with skills sought in Western countries and the courage to emigrate, Bismarckian divide and pacify policies effectively sentenced most working-age people to what Brian Barry, extending Hirschman’s notorious exit and voice framework, termed 'silent non-exit'.

Silent non-exit

Post-1989, pensioners constituted a classic example of a single-issue voting constituency, for whom the real value of their public pensions formed a common interest that was both easily identifiable and of high importance (since it was by far their main source of income). With elderly pensioners (Group 4) now joined by the early and disability pensioners (Group 3), pensioners’


electoral clout left them with mainly the weapon of peaceful - i.e. regular ‘democratic’ and non-disruptive - political voice in the polling booth. Post-communist turnout levels were generally as low as, or lower than, those in the first four general elections in new Latin American democracies.\textsuperscript{51} Within post-communist Eastern Europe, nowhere were average post-communist turnout rates lower during those elections than in the prototypical ‘divide and pacify’ cases, Hungary (66 percent) and Poland (46 percent). And crucially, these already low general levels were not likely to be randomly distributed across the total voting population. Rather, non-voters generally tend to be overrepresented at the bottom of the distribution of socio-economic status, skill/training, and, importantly, age.

Frances Fox Piven and Richard Cloward famously showed how low turnout levels reduce the political influence of the poor.\textsuperscript{52} The use of voting as an expression of political protest could be expected to be diminished by the well-known tendency of economically weak actors to record low levels of actual involvement in politics. For instance, in a study of over 25,000 citizens across twelve European nations, the unemployed, compared to employed citizens, recorded significantly lower levels of democracy satisfaction in all twelve cases, and significantly lower levels of political interest and of voter turnout in eleven cases.\textsuperscript{53} In his 1996 Presidential Address to the American Political Science Association, Arendt Lijphart argued that ‘low voter turnout means unequal and


socio-economically biased turnout’. Decreasing voting turnout levels of the kind observed in post-communist democracies are thus likely to have disproportionately reduced the policy influence of the socio-economically most disadvantaged groups -- with one exception: elderly voters tend to record high turnout rates.

These arguments indicate a further policy feedback mechanism affecting the various groups benefiting from post-communist welfare programs specifically. To the extent that any particular welfare state interest group recorded comparatively lower turnout levels, it was also likely to be increasingly excluded from policy influence over a key policy variable that is systematically affected by turnout levels -- welfare spending. For instance, stronger voter turnout in OECD democracies raised spending on every kind of social program, as one would expect if one assumed that the social programs cater to the lower income groups whose voter turnout differs most over time and across countries. If lower levels of post-communist voter turnout and democratic engagement affected especially younger voters such as (low-skilled) families with children and workers, rational politicians could be expected subsequently to target these younger age groups

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57 Lindert, P. (1996) ‘What Limits Social Spending?’ *Explorations in Economic History* 33: 10. Similarly, Larcinese (2007: 579-580) finds that both voting turnout levels and the share of those aged 15-64 significantly increase social spending/GDP ratios for 41 countries between 1972 and 1998. Larcinese (2007: 582) concludes that if countries with higher turnout tend to redistribute more, this is only partially due to country-specific features such as legacies or culture. Within-country variations in voting turnout also strongly predict welfare state spending, thus highlighting the crucial role of political participation in determining public policies.
whenever benefit cuts or other retrenchment measures were necessary. Such age-targeted retrenchment became increasingly evident as the 1990s went by. For instance, despite fast-rising numbers, pensioners in Hungary and Poland benefited from generous benefit replacement rates and better-than-average inflation protection throughout the 1990s, in stark contrast with younger generations of welfare state dependants such as the unemployed and families with children. By 2004, Hungary and Poland ranked first and second among a group of 6 new EU member states in terms of the adequacy of pension benefits. Pensions represented respectively 75 and 77 percent of average consumption by pensioners in the poorest quintile of the income distribution, as compared to 42 and 52 percent in Latvia and Lithuania. But these same two countries ranked second and third lowest among the new EU member states in terms of spending on child allowances, with respectively 0.2 and 0.3 percent of their GDP spent on this program, as compared to 0.7 and 0.9 percent in Estonia and Slovenia.

The unemployed fared no better over time. Immediately after 1989-1990, Hungary and Poland offered respectively the second and third most generous unemployment replacement rates (70 and 65 percent in the first six months) within a sample of ten post-communist states. But by the late 1990s, Hungary had cut those rates marginally (to 55 percent), while Poland had enacted the most drastic cuts of the entire sample (by 30 percentage points). Similarly, while these two countries offered by far the most generous maximum duration periods for payment of

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unemployment benefits in post-communist Europe in the early 1990s (24 months), they had severely cut these payment periods (by respectively 12 and 6 months) by the end of the decade.\textsuperscript{61} Other indicators of eligibility and generosity similarly show that after an initially generous starting point in early transition, unemployment benefits were significantly retrenched subsequently.\textsuperscript{62}

The divide and pacify theory can account for these developments. It assumes that the overriding objective for governments was to split up threatened workers \textit{early on} into Groups 1, 2, and 3, in order to prevent mobilization for collective protests. Interestingly, in regions where unemployment was a larger socio-political problem, governments often made special provisions allowing greater generosity. Thus, in Poland, a law enacted in 1996-1997 stipulated that if the local unemployment rate was more than double the national average, and the unemployed had more than 20 years of service, an unemployed spouse, and supports a child of less than 15 years of age, then s/he was entitled to a maximum duration of 18 months.\textsuperscript{63} However, once the threat of disruptive collective action was reduced by the adverse sociability, group size, and organizational effects discussed above, politicians could safely retrench the benefits going to the electorally less important group (Group 2), while safeguarding benefits for the larger electoral constituency of pensioners (Groups 3 and 4).

To add insult to injury for younger welfare generations, the positive general age-voting turnout effect could, over time, be increasingly expected to interact with a separate population aging effect, as post-communist societies faced increasing old age dependency rates into the present


In other words, whereas early and disability pensioners (Group 3) were now largely stripped of the ability to mobilize for collective protests, they could still join normal (elderly) pensioners (Group 4) in a concomitantly enlarged electoral constituency, free-riding on the latter group’s higher levels of voter turnout to boot. This would have boosted the policy influence of pensioners as a welfare state pressure group and further increased their power vis-à-vis younger generations of welfare state dependants. Unlike pensioners, transition losers stuck in threatened jobs (Group 1) or on unemployment programs (Group 2) were reduced, rather than enhanced, in their ability to engage in peaceful voice. As a collective action category, these groups are likely to remain the true losers of post-communist transition: the equivalent of what Mancur Olson notoriously referred to as “‘forgotten groups” – those who suffer in silence.’

**Conclusions: pathways towards elderly policy bias in backsliding CEE democracies**

This essay in analytical political sociology has argued that Hungarian and Polish governments have successfully resorted to Bismarckian social policy strategies, aimed at creating, then crystallizing, new lines of conflict between groups of exposed workers in order to stabilize political order and reduce disruptive voice - political protests. At the same time, these strategies are likely to have reduced the use of peaceful voice – voting – among most of the actors targeted, as post-communist electoral turnout rates have been low and decreasing especially among disadvantaged groups. The

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one group likely to have been better able to substitute electoral voice for disruptive voice are pensioners, a group that was numerically enlarged through the addition of hundreds of thousands of working-age pensioners in early transition, and which recorded higher turnout rates than younger groups of welfare dependents.

The analysis has implications for wider scholarship. Research on labor market economics and political science has indicated that, even in coordinated (as opposed to liberal) market economies, and even under leftwing (as opposed to rightwing or Christian-conservative) coalitions, the material interests of labor market outsiders and insiders clash along a large number of social policy and taxation dimensions; a conflict that is most often resolved at the expense of the former. Yet these literatures on advanced welfare states exhibit a degree of status-quo bias as they almost invariably study the institutions, incentives and strategies that govern distributive conflict between existing insiders and outsiders. The present analysis has, in addition, pointed to generalizable reasons why, and ways in which, social policies can be used to pro-actively create new outsiders. The Western literature can in turn inform another enduring stylized observation about post-communist polities – the unexpected weakness of trade unions wide across the post-communist region. Trade unions have even stronger incentives than leftwing parties to defend the interests of labor market insiders given that unions do not face the electoral constraint of attracting the


support of upscale voters, and insiders tend to be more unionized and more influential than outsiders.\textsuperscript{69} The same basic constellation of distributive conflict was applicable to, and possibly enhanced in, the post-communist context, where transition losers such as the jobless and the elderly were among the very first constituencies to be shaken off the radar of union elites.

More speculatively, the successful silencing of economically weak actors may have contributed to the now well-known dramatic 'illiberal backsliding' in this region, spearheaded by Poland and Hungary and accelerating after the 2008 crisis. This has been evident in decreasing levels of support for liberal politics (as measured by class-based economic protests, electoral turnout levels, and support for liberal and non-extremist parties) coupled with rising levels of dissatisfaction, disengagement and disillusion regarding the new political and economic order).\textsuperscript{70} These liberal-democratic disillusionments, though generally high, have been especially pronounced among the economic losers of transition, and they were almost invariably stratified along educational and regional lines. For instance, almost one in four Polish university graduates and almost one half of those with basic vocational education believed that 'the establishment of a market economy is not beneficial' to them personally in 2000. Respectively 19 and 49 percent that 'Poland before 1989 was a better country to live in' for people of their kind, respectively 11 and 44 percent that 'it doesn't really matter whether a government is democratic or not' for people of their kind, and respectively 66 and 81 percent that 'people like them 'had no influence on national issues'. Similar cleavages obtained between residents of villages and of the largest urban areas. Responses


to the last four questions at respectively 47 vs. 35 percent, 47 vs 24 percent, 39 vs 25 percent, and 85 vs. 78 percent. Social policies, I submit, have contributed to this tale of silent non-exit, broken voice, and political anomie in post-communist democracies.

Into the present century, the early-transition social policies analyzed in this essay have had significant path-dependent consequences for these post-communist welfare regimes. If critical junctures such as 1989-1990 are marked by the multiplicity of institutional and policy alternatives, they are necessarily followed by the contraction of this feasible set. In the Hungarian and Polish cases, the creation of working-age pensioners subsequently led to soaring pension system dependency rates and necessitated radical systemic reforms in later years. However, their increased electoral clout could now pre-emptively influence the policy platforms of vote-seeking politicians, making it harder than before to cut benefits for current pensioners and shifting welfare cutbacks the costs of and systemic pension reforms onto younger workers and future taxpayers. Throughout the late 1990s and into the early 2000s, public expenditures for pensioners have been made increasingly at the expense of younger generations. Between 1999 and 2003, total public pension spending in Hungary and Poland, at respectively 11 and 8 percent of GDP, was well above the OECD average (7.5 percent), even though both countries still boasted demographically younger populations than most OECD countries. In fact, pension spending in Poland by the early 2000s was as high as in the single highest pension spender in the entire OECD – Italy. The


73 Total social expenditures in Hungary and Poland (both at 22 percent of GDP) were also just above the OECD average (20 percent) (own computations from OECD 2007, *Social Expenditures Database 1980-2003*).
key difference was this: Italy at that time was a demographically old society (with 31.65plussers for every 100 working-age Italians), whereas Poland was still a demographically young nation (with only 20.65plussers for every 100 working-age Poles). Pensioners appear to have been the most politically favored among the different sociological categories of transition losers (low educated citizens in rural areas).  

The relative incomes of pensioners were not just higher in 2002 than they had been in 1991 in Hungary and Poland (as well as the Czech Republic). What is more, the relative incomes of pensioners were higher than those of the unemployed (which were in turn higher than those of workers) in all four Visegrad countries and in every single year between 1991 and 2002.  

More generally, by the mid-2000s, Poland was ahead of even Japan and the three ‘usual Southern suspects’ (Greece, Italy, and Portugal) in recording the single strongest overall welfare state bias towards elderly people. Other CEE countries such as Slovakia, the Czech Republic, Hungary, and Slovenia, also then still demographically much younger societies than the Southern European ones, similarly recorded generally the most heavily pro-elderly biased welfare states in the entire OECD. The welfare state in ‘middle-aged’ Hungary (with 3.9 working-aged people per 65plusser) spent 4.8 times more on every elderly as on every non-elderly citizen. But in slightly older Estonia (with only 3.6 working-aged people per 65plusser), the welfare state spent only 2.9 times more. And Poland occupied pole position on this elderly bias in social spending measure. In

this then still ‘young-to-middle-aged’ society (4.8 working-aged people per 65-plusser), the state spent 8.6 times as much on every elderly Pole as on every non-elderly Pole. Yet in the equally young New Zealand, the state spent only 2.7 times as much. A recalculation of the same elderly bias in social spending (EBiSS) indicator for the years 2010-2011 shows strong path dependency in the elderly orientations of welfare states. Poland remained the most pro-elderly-biased welfare state in the entire OECD sample. The Polish welfare state spent on average 8.7 times as much on each elderly Pole as it spent on each nonelderly Pole. Following at some distance, Greece and Italy (EBiSS values around 7), Slovakia (around 6.5), then Czech Republic, Slovenia and Japan (around 5.5), were all positioned on the high-EBiSS side of the spectrum as well.

These observations indicate a special source of policy trouble with Central European welfare states. Unlike in the case of elderly societies such as Japan, Greece or Italy, the high levels of pro-elderly welfare state orientation in CEE were the policy result of a politically induced early ‘push’ (great abnormal pensioner booms) and its path-dependent dynamics, rather than of demographically necessitated ‘pull’ (population aging). In the first thirty years of post-communist transition, CEE’s demographic window of opportunity - the ability to prepare for population aging while still benefiting from relatively younger societies - was largely spurned, not to say smashed. That window has now closed. CEE societies, Poland foremost among them, now face fast population aging in the decades ahead. Looking towards future developments, fast-accelerating demographic aging in Hungary and Poland, as in most of Central and Eastern Europe, is likely to shift the distributional logic of these welfare regimes still further along the pathway of old age bias.

in social policy.
**APPENDIX**

Table 1. Eight material and social dimensions and their expected effects on the capability for disruptive collective action of four groups of precarious citizens (↔ no major effect; ↑ positive effect; ↓ negative effect)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Threatened workers (G1)</th>
<th>Unemployed workers (G2); irregular pensioners (G3)</th>
<th>Regular (elderly) pensioners (G4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Average interest in outcome</td>
<td>High (wage vs. welfare)</td>
<td>High (more vs. less welfare)</td>
<td>High (more vs. less welfare)</td>
</tr>
<tr>
<td>2. Group size</td>
<td>Medium</td>
<td>Medium</td>
<td>Large</td>
</tr>
<tr>
<td>3. Financial resources: mean levels</td>
<td>Low (savings, strike funds)</td>
<td>Low (welfare &amp; informal earnings)</td>
<td>Low (welfare &amp; informal earnings)</td>
</tr>
<tr>
<td>4. Financial resources: distribution</td>
<td>Homogenous</td>
<td>Homogenous</td>
<td>Homogenous</td>
</tr>
<tr>
<td>5. Physical resources: mean levels</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>6. Physical resources: distribution</td>
<td>Homogenous</td>
<td>Homogenous</td>
<td>Heterogeneous</td>
</tr>
<tr>
<td>7. Sociability &amp; agency</td>
<td>Strong</td>
<td>Weak</td>
<td>Weak</td>
</tr>
<tr>
<td>8. Prior organization</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>