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Divergent we fall: The challenges for welfare state - Social integration and unemployment policies in the Visegrad Countries

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ABSTRACT

This article examines the unemployment policy of Central-East-European countries applying mixed methods. First, fuzzy set analysis is used to determine the efficiency of unemployment measures for reducing the poverty gap. Three causal conditions are measured: the net replacement rate of unemployment benefits, labour law regulations related to job security, and public spending on labour-market programs. This analysis reveals two possible pathways: governments may either provide a high level of job security, or spend on active and passive labour-market measures. Second, the fuzzy set analysis was completed with a comparative legal analysis covering the Visegrad countries that examined the policy choices the Visegrad countries made after the economic crisis. The paper argues that due to the different approaches to the welfare state, any potential EU initiatives for regulating unemployment benefits under the European Pillar of Social Rights might put divergent adaptation pressure on the V4 states. The differences are significant, as they would not only challenge effective social integration but also hamper the envisioned political cooperation of the V4 countries in this policy area. Building on previous literature, this paper is written to contribute to research on the European Social Model and social integration within the European Union.

KEYWORDS

social policy, unemployment, visegrad, social integration, European pillar of social rights

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1. THE NORMATIVE BASIS OF THE EU'S (UN)EMPLOYMENT POLICY

The European Social Model (ESM) can be described as the specific and shared European aim of achieving full employment, adequate social protection and equality through welfare-state institutions and the political regulation of the market economy.[1] Actual social and economic models vary greatly in the Member States of the EU; however, all of them take (possibly minimal) social responsibility for individual well-being and provide transfer payments especially in the situation of the loss of employment-based income, as well as maintain institutional social services, and correct labour markets.[2]

Even though the economic model is linked to social values,[3] EU social policy lacks a solid backbone of legally binding norms.[4] Taken together with the Charter of Fundamental Rights of the EU, the EU's commitment to social justice and social cohesion has indeed been enhanced, and there is now a general obligation to pursue an EU social model while respecting Member States' national models.[5] As a result of this 'embedded liberalism' of EU integration, guarantees for the free market were created at the supranational level, while policies for the social domain were restricted to the national level.[6] Despite the explicit commitment to promoting social development (a general political objective of the EU), the development of formalised instruments, in particular those with significant redistributive effect, has lagged far behind the opening up of national markets to international trade and competition.[7]

In this light, social integration in the EU, especially when it is designed to be implemented through binding legal regulation, is associated with considerable difficulty, which raises doubts about the level of integration that is achievable. The political determination of the Commission to address the social hiatus associated with market integration in the EU led to the formal delivery, after broad public consultation, of the European Pillar of Social Rights (EPSR) in April 2017.[8] The EPSR has now been adopted as an inter-institutional proclamation by the Parliament, the Council and the Commission.[9]

Even though the Visegrad countries (Poland, the Czech Republic, Slovakia, and Hungary) continuously strive to make compromises between market transformation and social cohesion, their pathways differed concerning the economic and political reforms they implemented during the last decades of socialism; these differences in historical approaches and national beliefs still

[1] Vaugghan-Whitehead (2015) 40.

[2] Schiek (2013) 3.

[3] Article 120 TFEU and Article 3 (2) TEU.

[4] The Treaty of Amsterdam added some competences to legislation in the field of social policy (now Article 153 TFEU) as well as the goal of a high level of employment to the EU's aims (then Article 2 EU), together with an employment title (now Articles 145-150 TFEU), which provided for the coordination of national employment policies instead of EU-level regulation.

[5] Kenner (2003) 5–9; Deakin (2002) 25; Schiek (2017) 611; De Witte (2012) 47; Barnard (2010) 78; de Vries (2013) 169–73.

[6] Giubboni (2006) 29; Liebert (2011) 55; Piris (2010) 313.

[7] Streeck (2000) 250; Vaugghan-Whitehead (2015) 56; Vaughan-Whitehead (2003) 8.

[8] European Commission (2017a).

[9] European Parliament, Council and Commission (2017).

shape national social policies.[10] These country-specific differences also led to divergence from the original regime paths in the case of unemployment policies.[11] Another important factor is that even though the Visegrad countries have operated relatively generous and targeted social protection schemes since the transition,[12] particular forms of social polarization, especially ethnic and regional disparities, have remained strong in all four countries. Thus, welfare regimes in these countries have been fragile.[13]

The research question associated with the current paper is why in this particular legal and economic situation do CEE countries respond to common employment policy changes differently? In protecting local interests it is assumed that nations that belong to the same cluster develop complementary practices and act together to maximise benefits on the national level. However, concerning social integration, not only political but regulatory problems arise. Integration through law does have a liberalizing and deregulatory impact on the socio-economic regimes of EU Member States.[14] This question has increasingly been attracting attention in the Visegrad region because at the level of political statements V4 countries appear as an emerging hub in the EU that wish to cooperate in shaping social policy to fight social dumping.[15] The mixed-methods research described in this paper reveals how effectively these unemployment measures can contribute to reducing the poverty gap, and also it explains the root causes of differences in social policies. This test of cluster theory from a social policy point of view is the novelty of the paper.

The paper investigates whether adaptation pressure that is indicated by legislative proposals associated with the EPSR is foreseeable for the Visegrad group. It is argued that adaptation pressure arises if a European policy does not fit with national traditions of social policy, and when implementation is highly contested by national actors. In such cases, national governments resist the creation of regulatory measures for implementation, causing significant delays or even the complete failure of integration in certain social domains.[16]

2. METHODOLOGY AND DATA

Comparative typologies of capitalism have become reference points for understanding the political economy of Western society.[17] In the last two decades, fsQCA has been increasingly used in the analysis of welfare regime change and for understanding unemployment typologies.[18] Because much of the scholarly and political debate has focused on understanding why some

[10]Greve (2014) 391–93; Verschueren (2015) 130.

[11]Inglot (2008) 307.

[12]Bohle and Greskovits (2007) 448.

[13]Bohle and Greskovits (2012) 87.

[14]Scharpf (2009) 3.

[15]See: V4 Statement on the Future of Europe (V4 Heads of Government), link1.

[16]Vandenbroucke (2017) 12.

[17]Shonfield (1968); Albert (1991); Hall and Soskice (2001); Esping–Andersen (1990); Farkas (2016).

[18]Kvist and Trolles (2000); Ragin (2000); Kvist (1999); Beynon, Paul and Pickerne (2019); Kvist (2002); Lee (2013); Epstein et al. (2008).

European countries struggled with growing poverty during the economic crisis,[19] I set out to identify causal configurations associated with the poverty gap.[20] First, I applied fuzzy-set analysis (fsQCA)[21] to understand the configurations of unemployment in Central East Europe, where typologies suggest that differences between basic institutions of capitalism are linked to strong institutional complementarities. The fuzzy set analysis contains eight CEE countries (V4, the Baltic states, and Slovenia), thus helps with understanding similarities and differences in the region. Second, I have defined causal conditions related to the poverty gap. There are many hypothesized determinants of cross-country variation in Member States' performance concerning how unemployment is tackled. I have included three institutions and policies that have been central to research and policy debate about this issue.

1. *The net replacement rate of unemployment benefit in the mid-term.* Unemployment can have serious adverse consequences for individuals, society, and economic systems. The longer the former lasts, the more difficult the unemployed find it to get hired, while earnings and career prospects diminish. At a national level, persistently high unemployment jeopardises overall employment policy goals, while unemployed workers have been found to become more likely over time to leave the labour force and retire, enrol in disability programs, or simply become 'discouraged workers', as their unemployment continues.[22]
2. *Job security.* Employment protection legislation – dismissal and hiring regulations – is an important determinant of worker security and labour-market adaptability. Employment protection legislation is the key element of the contractual working relationship between an employer and their employees and an important element of job stability. Employment protection is the central policy pillar that supports worker security, alongside publicly funded policies such as unemployment benefits, temporary work schemes, and active labour-market programmes. Indicators in the case of both individual and collective dismissals take account of four aspects of dismissal regulations: procedural requirements, notice period, severance pay, and the regulatory framework for unfair dismissals and the enforcement of unfair dismissal regulation.[23]
3. *Public spending on labour-market programs.* This condition examines the active and passive labour-market policy spending of countries; public spending on labour-market programmes includes public employment services,[24] training,[25] hiring subsidies,[26] and direct job creation in the public sector, as well as unemployment benefits.[27] Data are based mainly on

[19]Alvaredo and Gasparini (2015) 90; Atkinson and Bourguignon (2015) 64.

[20]Being employed is not necessarily a guarantee that one can live above the poverty line (Greve 2017), although unemployment is strongly connected to poverty, and evidence suggests that government redistribution can effectively contribute to mitigating the negative effects of unemployment (European Economic and Social Committee 2020).

[21]fsQCA (version 3. 1b) software was used for the research. Link2.

[22]Nichols et al. (2013) 9.

[23]OECD (2020).

[24]This includes placement and related services, benefit administration, and other expenditure.

[25]Training includes institutional, workplace, and alternate/integrated training, as well as special support for apprenticeships.

[26]Employment incentives include recruitment incentives, employment maintenance incentives, and job rotation and job sharing.

[27]Out-of-work income maintenance and support include full unemployment benefits, unemployment insurance, unemployment assistance, partial unemployment benefits, part-time unemployment benefits, redundancy, and bankruptcy compensation.

information about individual labour-market programmes which appears in state budgets and the accounts and annual reports of bodies which implement the programmes. This indicator is measured as a percentage of GDP.[28]

In the data-selection process, I used the most recent data collected by international institutions for the post-crisis period. In the process of calibration (i.e., the transformation of empirical values into 0–1 fuzzy scores) I set the crossover point at the median. Table 1 shows the raw data used for the fuzzy set analysis of eight Central-East-European countries, while Table 2 contains their fuzzy-set membership scores.

The fsQCA was completed by a comparative legal analysis covering the Visegrad countries. Since the traditional functional method in comparative law introduced by Zweigert and Kötz[29] has increasingly been criticised, the appropriate comparative method for the current research seems to be the law-in-context method.[30] However, the law-in-context method cannot be

Table 1. Raw data used for the fuzzy set analysis

Country	Net replacement rate (6 months)[31]	Job Security[32]	Public spending on labour market[33]	Poverty gap[34]
Czech Republic	**28**	**3.26**	**0.47**	**0.24**
Estonia	46	1.81	0.8	0.35
Hungary	**14**	**1.59**	**1.2**	**0.36**
Latvia	60	3.02	0.59	0.41
Lithuania	70	2.13	0.54	0.39
Poland	**58**	**2.33**	**0.62**	**0.32**
Slovakia	**64**	**2.51**	**0.55**	**0.35**
Slovenia	76	2.08	0.68	0.24

[28]Active and passive labour-market spending were combined because the Hungarian public works program is difficult to categorise, as this measure is reported by the government either as a form of social aid or a means of helping the unemployed to re-enter the primary labour market. For the dual nature of this policy tool, see Hungler (2012).

[29]Zweigert and Kötz (1998).

[30]Van Hoecke (2011); Van Hoecke (2015) 16–18; Van Hoecke and Warrington (1998).

[31]Net replacement rate in unemployment measures the proportion of previous in-work income that is maintained after 6 months of unemployment; indicators calculated are based on the policy rules and parameters that were in place on the 1st of January 2019; the indicator is the ratio of net household income during a selected month of the unemployment spell to the net household income before the job loss of a single person earning 67% of the average wage. Source at link3.

[32]Strictness of regulation of individual dismissals of regular workers based on the OECD Employment Protection Legislation indicator. For calculation see OECD (2020).

[33]This indicator is measured as a percentage of GDP; 2017 or latest data. Source: OECD Public spending on labour markets (indicator) at link 4.

[34]The poverty gap is the ratio by which the mean income of the poor falls below the poverty line. The poverty line is defined as half the median household income of the total population. The poverty gap helps refine the poverty rate by indicating the poverty level in a country. This indicator is measured for people aged 18–65 years. Source at link5.

Table 2. Fuzzy-set membership scores

Country	Net replacement rate (6 months)	Job Security	Public spending on labour market	Poverty gap
Czech Republic	**0.13**	**0.96**	**0.05**	**0.05**
Estonia	0.38	0.11	0.81	0.58
Hungary	**0.05**	**0.05**	**0.95**	**0.66**
Latvia	0.73	0.52	0.57	0.91
Lithuania	0.90	0.33	0.11	0.84
Poland	**0.68**	**0.52**	**0.51**	**0.35**
Slovakia	**0.82**	**0.67**	**0.21**	**0.58**
Slovenia	0.95	0.28	0.62	0.05

isolated from other methods: it refers to both the societal context and to legal constructions, therefore it is complementary to and interdependent with an adequate understanding of the law. Structural analysis of the four CEE countries' labour law systems was used to compare termination rules crucial for job security.

3. RESULTS

The fuzzy set analysis reveals that a low membership in poverty gap (~poverty gap) exists in Slovenia, where the net replacement rate and public spending on the labour market are high; also in the Czech Republic, where job security is high; and to a lesser extent in Poland, where all three causal conditions are present (Table 3).

The crafting of intermediate solutions yielded two causal pathways. The first solution points to an explanation: a combination of a high net replacement rate and high labour-market spending were sufficient conditions for generating membership in poverty gap. The second solution tells us that high job security, even in the case of a low membership in net replacement

Table 3. Truth table

Net replacement rate	Job security	Public spending on labour market	~Poverty gap		Raw consistency
1	0	1	1	Slovenia	0.99
0	1	0	1	Czech Republic	0.90
1	1	1	1	Poland	0.83
1	0	0	0	Lithuania	0.77
0	0	1	0	Estonia, Hungary	0.65
1	1	0	0	Latvia, Slovakia	0.64

Table 4. Solution sets.

	Coverage[36]		
	Raw	Unique	Consistency
Intermediate solution			
High net replacement rate (6 months)*			
High pubic spending on labour market	0.52	0.28	0.87
High job security* ∼Low net replacement rate (6 months)* ∼Low spending on labour market	0.44	0.20	0.90
Solution coverage:[37] 0.73			
Solution consistency:[38] 0.90			

Note: * = logical "AND".

rate and public spending, is also a capable to reduce poverty gap. These solutions account for 73 per cent of the sum of the membership scores in the low poverty gap condition. Using a four-value fuzzy set,[35] countries were allocated to different models based on their membership in causal combinations (Table 4).

The analysis highlighted two causal pathways that may account for the l poverty gap associated with the working population in the eight Central-East-European countries. Indicators measured in this analysis mirror policy choices these countries made after the 2008 economic crisis, therefore plot analysis might reveal the background of unemployment policymaking.

There are two major configurations in the examined countries that are related to the poverty gap; in the first one, a high net replacement rate of unemployment benefits in the mid-term and high public spending on the labour market together are sufficient conditions for keeping the poverty gap small (Model 1). The neocorporatist Slovenia, which employed the region's most generous efforts to compensate losers after the crisis,[39] has a strong membership in the first model. The other contributing factor highlighted by the QCA analysis is that a high level of job security is also sufficient for keeping the poverty gap small (Model 2). The Czech Republic has strong membership of the second model; here, very strong protection against dismissal is sufficient for keeping poverty gap small. Results are shown in Table 5.

[35]Fuzzy-set score 0.67 = more in than out, and 0.33 = more out than in.

[36]'Raw coverage' scores refer to the proportion of the outcome scores covered by an explanation by itself, while 'unique coverage' refers to the proportion of outcome scores covered, net of that solution's coverage overlap with the other solutions identified.

[37]'Solution coverage' refers to the proportion of the sum of the membership scores in an outcome that a particular configuration explains.

[38]'Consistency' refers to a causal combination's consistency as a subset of the outcome. Consistency of truth table rows, scores closest to '1' represent the strongest connection.

[39]Bohle and Greskovits (2012) 72.

Table 5 Membership in different pathways

Country	Membership in Model 1. (net replacement rate * public spending on labour market)	Membership in Model 2. (job security*~public spending*~net replacement rate)
Czech Republic	0.05	0.87
Estonia	0.38	0.11
Hungary	0.05	0.05
Latvia	0.37	0.27
Lithuania	0.17	0.10
Poland	0.51	0.22
Slovakia	0.21	0.18
Slovenia	0.62	0.05

Members of the neoliberal regime family Estonia, Latvia, and Lithuania fell short in providing sufficient protection against social inequality,[40] thus despite high spending on social benefits and labour-market policy, they could not close the poverty gap: Latvia and Lithuania have the largest poverty gap among the examined countries.[41] The Baltic countries do not have strong membership of any of the models, which may indicate inefficiency in targeting social benefits for the unemployed.

A surprising outcome of this fuzzy set analysis is that the effect of the different unemployment policy measures is significantly different in terms of reducing the poverty gap; therefore, a comparative legal analysis should be performed to understand national policy choices.

Interestingly, Hungary does not follow either pathway, which calls for further analysis. What is visible from the data is that Hungary's membership of two of the causal conditions is very low, while public spending on the labour market is quite high and the poverty gap is the largest among the Visegrad countries. The effectiveness of public spending on the labour market, therefore, requires further analysis. In Poland, public spending on the labour market and the net replacement rate are above the crossover point, indicating moderate membership of the first model. Membership of the poverty gap condition is the second lowest among the V4 countries, which means that social policy measures not related to the labour market should be scrutinised. Slovakia does not have strong membership of either model. Net replacement rate and job security are relatively high; however, the poverty gap is also wider. Why these two causal conditions are not able to sufficiently reduce poverty should be further analysed.

4. SOCIO-LEGAL ANALYSIS

The Visegrad countries' economic performance has been quite strong in past years; however, a newly emerging trend marks a new model for the welfare state, which is characterised by social

[40] Bohle and Greskovits (2012) 117.

[41] European Commission (2017b).

disinvestment rooted in the neoliberal scheme.[42] Overall, Visegrad countries perform relatively well according to some indicators of the Social Scoreboard that support the European Pillar of Social Rights, but significant challenges remain.[43] The social protection system shows some weaknesses in all four countries; unemployed people are at greater risk of poverty or social exclusion. Even though the socioeconomic situation in the Visegrad countries is quite similar (high level of FDI, very high level of employment and record low unemployment, a rising minimum wage)[44], these states have introduced very different employment market policies and labour law regulations to solve the related problems. On the other hand, membership in the poverty gap condition demonstrates that these solutions are not equally capable of reducing the intensity of poverty.

Any EU initiative aimed at defining targets under principle 13 of the EPSR (unemployment benefits) for net replacement rate,[45] entitlement period and coverage rate, as well as training and activation might put very different adaptation pressure on the V4 states.[46] Regarding unemployment benefits, data suggest (Table 2) that there are significant differences within the V4. While Poland and Slovakia have strong membership of the net replacement rate condition (0.68 and 0.82, respectively), in the Czech Republic and Hungary memberships are very low (0.13 and 0.05, respectively). The structural comparison reveals that not only do the net replacement rates differ, but eligibility conditions too, although the Czech Republic,[47] Slovakia[48] and Hungary[49] show more similarity to each other, while Polish regulations[50] follow a different logic regarding eligibility criteria, qualifying periods, method of calculation, duration of entitlement, and waiting period. Concerning job security, data suggest that the Czech Republic protects its employees against dismissal most strongly (membership is 0.96).

In Hungary, robust economic growth has been witnessed, with one of the highest GDP growth rates in the EU. However, this growth came at the expense of social benefits. A new vision of 'illiberal democracy' was introduced by the Orbán-led Fidesz government which marked the end of the welfare state. The new model has some distinctive characteristics; the first is the introduction of a 'workfare state'.[51] The new Labour Code that was adopted in 2012 brought in a wide range of deregulations and increased labour-market flexibility, while severely curtailing collective labour rights.[52] Second, radical austerity measures were introduced to mitigate the negative effects of the crisis; however, these appeared in the political discourse as steps necessary for cutting back overly generous social benefits which were discouraging people from entering the

[42] Abrahamson (2010) 7.

[43] Link6.

[44] European Commission (2019a).

[45] European Economic and Social Committee (2020).

[46] European Economic and Social Committee (2013).

[47] Act No 435/2004, Employment Act.

[48] Law on State Administration Bodies in the Area of Social Affairs, Family and Employment Services No. 453/2003; Law on Social Insurance No. 461/2003; Law on Employment Services No. 5/2004; Labour Code No. 311/2001.

[49] Act IV of 1991 on Promoting Employment and Providing for the Unemployed.

[50] Law on Employment Promotion and Labour Market Institutions of 20 April 2004.

[51] Lakner and Tausz (2016) 330.

[52] Kollonay-Lehoczky (2013) 66; Gyulavári and Kártyás (2016) 349.

labour market.[53] As disincentives, unemployment benefits were minimised, and compulsory public-works programs were introduced.[54] Social spending has been cut drastically since 2010; social assistance schemes have been terminated and resources geared towards supporting privileged social groups.[55] These changes are also visible in the job security membership of Hungary. Self-responsibility became the guiding principle in social policy as well, replacing collective protection with individualistic and often punitive schemes.[56] Other active labour-market policies suffer from insufficient links with social and health services, and limited outreach.[57] In-work poverty has increased for workers with temporary contracts and single parents. Despite the considerable economic improvement, the severe material deprivation rate (10.1%) and the material and social deprivation rate (20.1%) are still significantly above the EU averages of 5.9% and 12.8%, and the poverty gap widened from 17% in 2017 to 24% in 2018,[58] which demonstrates that the poverty-reducing impact of benefits other than social transfers is low. While active labour-market policies are underfinanced,[59] the expensive yet inefficient public-works schemes are decreasing but still maintained.[60] These characteristics explain the strong membership of public labour-market spending condition (membership is 0.95) and the big poverty gap (membership is 0.66).

Poland implemented classic neoliberal politics after its EU accession. Even though the consequences of the financial crisis were not as severe as in the rest of the V4 countries, the government radically changed its socioeconomic program, offering a critique of the neoliberal order. It promised a state of 'traditional values' – in this reading, meaning a withdrawal of gender and LMBTQ rights – but in contrast to in Hungary, it also introduced an inclusive set of social policies to provide a higher level of protection for those in need. One of its 2015 campaign promises was a major redistribution program. This more inclusive social policy includes the 'Family 500+' program,[61] which has significantly reduced child poverty across the country. Among the four countries, Poland performed best on the employment rate, tertiary education attainment, and poverty reduction – the population at risk of poverty declined by 4.5 million compared to the target of 1.5 million,[62] which explains the relatively small poverty gap (0.35). However, active labour-market policies do not reach groups that could be activated in Poland. Despite a significant

[53]Horváth et al. (2019).

[54]Hungler and Kende (2019) 117–20; Szikra (2014) 486–90.

[55]Lendvai-Baiton and Szelewa (2020) 2.

[56]In public works programs, the unemployed are forced to accept work that pays about 50 per cent of the minimum wage, on a large scale managed by the Ministry for the Interior and implemented in a rather militaristic style. While between 2011 and 2014 public work became the largest employment-related program in the country – tripling public expenditures on the scheme – several researchers have highlighted its inefficiency. It is estimated that only 10 per cent of participants were able to find a job on the primary labour market six months after the scheme. Public work has also crowded out other active labour-market measures.

[57]European Commission (2020b).

[58]European Commission (2020b).

[59]European Commission (2020b).

[60]While wages in the public sector have been growing, wages in the public works scheme decreased relative to the minimum wage from 77% in 2013 to 55% in 2019.

[61]Family 500+ is a universal child benefit program which provides PLN 500 per month (currently EUR 117.50) for all second and subsequent children up to the age of 18, link 8.

[62]European Commission (2020c).

reduction in the unemployment rate in the last years, active labour-market policies continued to fail to reach those unemployed persons who are not registered with local labour offices.[63] The effectiveness of the process of matching potential workers with workplaces has also been an area of concern. Active labour-market policy financing is heavily dependent on the European Social Fund (22% of total expenditure in 2018) and is also weakly integrated with social policies that are implemented at a lower level of regional administration and with health policies.[64]

In the Czech Republic and Slovakia, critique of the welfare state is associated with the unemployed poor, mostly the Roma, therefore it is interlinked with institutional racism. With several notable weaknesses, Slovakia scores relatively poorly in international comparison concerning social policies. Unemployment is one of the most important poverty indicators in Slovakia. Unemployment assumes distinct economic, social, and political dimensions, albeit it is also characterised by regional, socio-ecological, cultural, ethnic, and generational specificities.[65] The welfare reform of 2004, which significantly reduced public spending in the social area, was justified by the common belief that a generous social policy system strengthens the disincentive to work, and was particularly addressed at the Roma population who are assumed to 'lack deep-rooted working habits'[66] and are described as undeserving poor[67] – an idea mainstreamed in everyday politics.[68] However, poverty-reduction strategies call for large-scale public policies and actions which should not be focused only on growth but also improve the distribution of their effects.[69] Slovakia has weak membership of both models, which also requires further analysis. In Slovakia, spending on active labour-market policies is low, amounting to 0.185% of GDP in 2017, which is less than half of the EU average. Vulnerable groups have become more and more marginalised as cooperation between public employment services and social services aimed at those groups least integrated into the labour market is weak, and the involvement of non-governmental providers and external institutions (e.g. sheltered employment providers) remains poorly developed.[70] Employment incentives are still Slovakia's dominant active labour-market policy tool.[71] The lack of life-long learning opportunities is a persistent challenge in Slovakia.[72]

[63]European Commission (2020c).

[64]Piwowar and Dzikuc (2020) 47.

[65]Pilková and Mikuš (2020) 407–409. European Commission (2020a), European Commission (2020d).

[66]Makovicky (2013) 77; Grill (2018) 109.

[67]Škobla and Filčák (2019) 6.

[68]The convergence between the negative ethnic stereotypes of Roma citizens and the figure of the antisocial, irresponsible 'welfare scavenger' could be detected in the 'Work pays' slogan, which was the hallmark of the reaction to hunger riots in Slovakia in 2004. Forty-six instances of protests and unrest were reported throughout the whole country; the government deployed the army and water cannons to suppress civil unrest. Although the government refused to revoke the overall reform, some allowances were raised and subsidies for school supplies and free lunches for children from poor families were introduced. Unfortunately, these concessions were accompanied by a media narrative that reinforced anti-Roma stereotypes about the Roma scrounging off the welfare system. See: Škobla and Filčák (2019).

[69]Michálek and Výbošťok (2018) 61.

[70]Kahanec et al. (2020) 9.

[71]Karasova et al. (2019) 22.

[72]An information system for life-long learning was established as well as the National Institute for Life-long Learning in 2010, but only three per cent of adults (25–64) participate in life-long learning, compared to the 10.7% EU average. See: Pilková and Mikuš (2020).

In the Czech Republic, issues of poverty, in general, are associated with the Roma minority and institutional racism persists.[73,74] Due to the provision of a very high level of job security, the poverty gap remained small, therefore the Czech Republic was able to avoid the path of curtailing social benefits to keep 'undeserving' poor away from common resources.[75]

5. CONCLUSION

The Visegrad model is distinct from other post-socialist capitalist models, in this fuzzy set analysis represented by the Baltic states, due to its formerly comparatively generous welfare state, which helped to mitigate the social tensions accompanying system transformation and foreign-led growth and recession.[76] One of the most important features of these welfare states was that they focused on social transfers. However, the 2008 economic crisis fundamentally changed the social policy landscape both at a supranational as well as national level. On the EU level, soft governance lost its significance and coercive, fiscal-based governance tools started to dominate the legislative framework to facilitate a return to sustainable economic growth, job creation, financial stability, and sound public finances.[77] While the effect of anti-welfarist governance can be traced in all V4 countries to some extent,[78] the biggest divergence from the previous embedded neoliberalist path can be detected in Hungary.

Despite their relative geographical proximity and similar historical and cultural identity, there are significant differences in the shaping of socio-economic factors in the Visegrad group. Although they have been relatively successful at preventing the impoverishment of large numbers of the middle-class, there are significant differences regarding the efficiency of keeping social disintegration at bay. Hungary's case demonstrates most clearly how anti-welfarism can severely affect social spending in general, and unemployment policy in particular. However, key features of embedded neoliberalism persisted even after the welfare state reforms and a brief comparison with the Baltic states reveals that the former did not replicate their neoliberal model.

The EPSR has so far had no perceivable effect on expanding, reconfiguring, and reallocating public spending, or on redistributing public resources. The rise of populist interventions into welfare spending is one of the side-effects of sluggish social integration in the EU. As the social domain remains a unique national construction, the welfare state's existence is subject to domestic interpretation, although the European Union has striven for deeper social integration through the European Semester, and country-specific recommendations have repeatedly stressed the importance of social inclusion and improving the adequacy of social assistance and unemployment benefits in all four countries.[79] The country-specific reports give EU institutions the possibility to influence the economic and social policies of the Member States without

[73]FRA (2016).

[74]Hušek and Tvrdá (2016) 53.

[75]Slaný and Lipovská (2020) 5; Jahoda and Sirovátka (2018) 8.

[76]Bohle and Greskovits (2012) 78.

[77]Hatzopoulos (2012-2013) 112.

[78]Szelewa and Polakowski (2019) 14–17.

[79]Zeitlin and Vanhercke (2018) 151.

further transferring sovereignty to the EU level.[80] CSRs have gradually become more permissive of higher public spending and more in favour of worker protection, while the share of recommendations advocating more social protection has stagnated at a high level.[81] While CSR's effect is rather limited, it is noteworthy that active labour policy measures have largely been financed by the European Social Fund.[82]

Since the EU's regulatory framework for social policy, outlined mostly in soft-law measures, was very expensive (especially active labour-market policies) or undesirable (as was the case with gender mainstreaming), it was subject to political contestation in Central-East Europe.[83] Therefore, adaptation resistance may have arisen in response to these European policy recommendations, causing significant delay or even the complete failure of integration in certain social domains.[84] Previously, adaptation pressure was detected mostly in liberal market economies,[85] but the comparative legal analysis revealed that there are identifiable gaps between the state-of-the-art and the recommended policy changes. Moreover, according to the fuzzy set analysis the governments of the Visegrad group have followed quite different paths to reduce the poverty gap, thus any future legislative proposals of the EPSR concerning unemployment are likely to cause tension in the V4. The different paths are likely to hinder the respective countries' acting in unity and supporting each other during the negotiation process. Therefore, Visegrad countries may have severe difficulties with executing political statements and cooperating in shaping European social policy.

Overall, it is visible that the economic crisis has created a new model for the welfare state in the Visegrad countries that is characterised by social disinvestment. EU social law, re-framed by the European Pillar of Social Rights, has no perceivable effect on expanding, reconfiguring, and reallocating public spending, or on redistributing public resources at the moment, thus the degree to which social investments were cut back largely depended on national governments, which is a potential threat to the ESM.

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[80] Verdun and Zeitl (2017) 138.

[81] Haas et al. (2020) 327–29.

[82] See: ESF budget breakdown by country at link7.

[83] Lendvai-Bainton (2019) 21.

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