Modernization of the Paradigm of the Social State on the Example of the Countries of Eastern Europe During 2010-2019

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Abstract
The study covers the countries of Eastern Europe: Ukraine, Poland, Romania and Lithuania, which have common borders, similar history, mentality and are characterized by the dominance of the social democratic model of the welfare state, which is essentially aimed to undertake primary responsibility for financing basic social standards from the state budget. The study focuses on the basic indicators that show the state’s approach to education, health care and employment. In order to establish and analyze the changes that have taken place in the social state standards of the studied countries, the ten-year period from 2010 to 2019 was covered. The statistical data that reflect the expenditures on education and medicine from the volume of GDP of each state budget as well as the unemployment rate are analyzed. Positive dynamics has been established for all studied countries during the ten-year period in the financing of such areas as education and medicine. Optimistic indicators of the reduced number of unemployed in Poland, Romania and Lithuania were revealed. It has been established that the governments of Ukraine, Poland, Romania and Lithuania have similar approach to financing basic social needs. The role of civil society in the development of the welfare state and the new trends of nations’ movement towards the construction of a rational economy, social standards and political stability are considered.

Keywords: State Social Standards; Statistics; Education; Health Care; Unemployment Rate

1. Introduction

With regard to the historical tradition of state formation, without which such a phenomenon as the welfare state is inconceivable, it should be mentioned that one of the first legal acts in Europe, which has established a republican form of government, was introduced in Ukraine. This legal act was signed more than 300 years ago – on April 5, 1710 (Subtelny, 1981). Hetman Pylyp Orlyk signed the Pact and Constitutional Rights of Freedoms of the Zaporizhzhya Army and his ideas became the basis not only for the democratic system of Ukraine, but also for the construction of many European democracies.

The welfare state as a phenomenon in Europe began to take shape in the late nineteenth century, when the capitalist states that industrialized began to create a prototype of the
welfare state (Hennock, 2007). But even in the XXI century the issue of social protection is no less acute. At the turn of the nineteenth and twentieth centuries, the benefits of the welfare state were mostly interpreted as socio-economic rights of citizens to work, relaxation and social security. With the development of state institutions and the progress of civilization, the requirements and expectations of the welfare state expanded and began to cover a wider range of issues, including providing citizens with jobs, living wage, increasing the number of small and medium producers, labor protection, education, culture and health care.

As is known (Adascalitei, 2012; Aidukaite, 2011; Baker, 2015; Bonoli & Palier, 2000; Stefan, 2015), during the twentieth century a number of models of the welfare state were formed, three of them being the most typical: liberal, conservative and social democratic. Elements of these models exist in every European country. However, according to the dominance of certain approaches to social protection of citizens, a country can be attributed to one of the three types of welfare state.

West European countries, in particular England and Ireland, are characterized by a liberal model of the welfare state, in which the role of the state is minimized, and the main actors are individuals and various non-governmental organizations, for example social insurance funds and associations. Social programs are financed primarily through private savings and private insurance, and not from the state budget.

The social welfare of the conservative model of the welfare state, which includes Germany and Japan, is based on the corporate principle in which the most important role is played by corporations (enterprises, institutions). The enterprise encourages employees to pay maximum taxes, offering in return a decent pension, partial payment for medical services and education. However, with such a model, the role of the state, non-governmental organizations and the individuals is not leveled. They also bear a share of responsibility for social welfare in society.

The social-democratic model differs significantly from the liberal and conservative ones and is typical of the countries of so-called “market socialism” – Sweden, Denmark, Switzerland and Norway (Adascalitei, 2012; Stefan, 2015). This model assumes the responsibility of the whole society and the state for the fate of citizens, and the main institution that carries out redistribution is the state. The state undertakes the main share of responsibility for social well-being of citizens, and the main source of funding for most social programs is the state budget.

Regardless of the model of any welfare state, the quantitative and qualitative indicators that characterize the degree of perfection of its social standards are outlined by a number of parameters which include population structure, interethnic relations and minority rights, migration, working conditions and employment, education and professional training, health care and environmental protection, income and material well-being of citizens, housing, social security, transport and communications, development of civil society and socio-political activity of citizens (Stefan, 2015).

At the beginning of the XXI century, European states faced a series of economic crises, which prompted economic reforms and changes in approaches and views on the role of the welfare state as a structure of general welfare. Globalization, which has intensified in the last decade, has been particularly pronounced in the interaction and interdependence of neighboring countries (Kvist, 2013; Zetter, 2015). This phenomenon prompted to find ways
to harmonious socio-economic relations, which for each country form a solid foundation for the development of state institutions, especially in the field of social security of its citizens. Our study covers the countries of Eastern Europe: Ukraine, Poland, Romania and Lithuania, which have common borders, similar history and mentality. The studied countries are characterized by the dominance of the social-democratic model of the welfare state, which in essence is designed to undertake the main responsibility for financing from the state budget of major social programs. As a result, Ukraine, Poland, Romania and Lithuania have historically developed similar approaches to the vision of the welfare state, especially macroeconomic stability, which is expressed in investment in human capital, including education and science, health care and social protection measures.

The covered by this study period of the last decade from 2010 to 2019 is characterized by relative financial stability, which replaced the great recession that began in the United States in 2007 and was spread over 25 European Union countries (excluding Poland and Slovakia) (Egholm, Heyse & Mourey, 2019; Elmi & Sadeghi, 2012). The study focuses on the main indicators that characterize the state’s approach to basic social standards, such as education, health care and employment, and analyses the changes in the concept of the welfare state, the emerged new trends and the directions of the nations’ movement in an effort to build and maintain a rational economy, social standards, cultural heritage and political stability.

2. Methods and Materials

2.1 Data sources

To study the modernization of the welfare state paradigm over the last decade (2010–2019), four countries were selected that are characterized by the dominance of the social-democratic model of welfare state development. Figure 1 shows these countries: Ukraine, Romania, Poland and Lithuania, which are territorially close to each other and have common borders.

As shown in Table 1, statistics for these countries for the period from 2010 to 2019 were collected, which reflect the budget expenditures on the GDP of the countries studied in such spheres as education and health care, as well as data on the unemployment rate for the population aged 15–74. The statistics are derived from official World Bank data, which are publicly available.

![Figure 1: Sketch map showing the location of the studied countries](image-url)
Table 1: Statistics characterizing the level of expenditures on education and health care (% of GDP) and the unemployment rate in Ukraine, Poland, Romania and Lithuania

<table>
<thead>
<tr>
<th>Year</th>
<th>Education % of Gross Domestic Product</th>
<th>Health care % for the population aged 15–74</th>
<th>Unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ukr Pol Rom Lit</td>
<td>Ukr Pol Rom Lit</td>
<td>Ukr Pol Rom Lit</td>
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<tr>
<td>2010</td>
<td>13.90 11.06 9.13 12.86 6.81 6.42 5.77 6.82</td>
<td>8.18 9.64 6.96 17.81</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>12.35 11.29 9.51 12.03 6.76 6.54 4.99 6.64</td>
<td>9.35 6.16 5.9 7.86</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>13.05 11.60 9.71 11.97 7.00 6.54 5.16 6.46</td>
<td>9.51 4.89 4.93 7.07</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>13.31 11.63 11.00 11.85 7.2 6.50 5.00 6.85</td>
<td>8.88 3.47 3.98 6.35</td>
<td></td>
</tr>
</tbody>
</table>

Note: Ukr – Ukraine, Pol – Poland, Rom – Romania, Lit – Lithuania.

2.2 Analytical approach

The analysis of basic social indicators that characterize the approach of the studied countries (Ukraine, Poland, Romania, Lithuania) to education, health care and employment of citizens was conducted on the basis of statistical data, their processing and interpretation. To find out a number of factors that show new trends in the development of the welfare state and to summarize the objective – the study of modernization of the paradigm of the welfare state over the past decade (2010-2019), a number of research methods were used and combined. Among the methods used were historical and logical methods, juxtaposition and comparison, analysis and synthesis, induction and interpretation, as well as statistical methods from sources and processing of a number of sources (Bielecki & Stocki, 2010; Buňiul, 2016; Ukrstat, 2018; Verkhovna Rada of Ukraine, 1992; Zelvys, 2004).

3. Results

3.1 Results of the Study of Basic Social Indicators in Ukraine

Health care in Ukraine is one of the priority areas of public policy, as evidenced by regulations and policy documents, including the Constitution of Ukraine, a number of resolutions of the Cabinet of Ministers of Ukraine and the Law of Ukraine “Fundamentals of Ukrainian legislation on health care”. Together with the sphere of health care in Ukraine, the most important component of the state social policy is the state educational policy, which is aimed at the continuous improvement of the national education system. An important component of Ukraine’s state policy is also the creation of conditions for providing citizens with jobs. The most important approaches to the issue of employment of citizens are regulated by the Law of Ukraine “On Employment”.

Figure 2 shows the statistics for Ukraine, which cover the ten-year period from 2010 to 2019. These data show the degree of social orientation of the state budget to the most important needs of its citizens – health care and education, as well as such an important
indicator of social well-being of the state as the unemployment rate. As can be seen from Figure 2 in Ukraine for the study period there is a stable trend in expenditures on education. Expenditures on education averaged 13.26% of GDP, with the minimum in 2016 being 12.35 and the maximum being 13.9% in 2010. Government expenditures on medicine out of GDP are lower, and over the ten-year period (2010–2019) there is a tendency to improve funding. The average values are 6.98%, with the minimum of 6.64% in 2014 and the maximum of 7.36% in 2013. As can be seen from the curve (Figure 2), the unemployment rate in Ukraine is constantly fluctuating, but since 2013 there has been a negative trend to increase, which is primarily due to political instability. The average indicator for the period of 2010–2019 is 8.57%, the lowest unemployment rate was recorded in 2013 – 7.17%, and 2016 was marked by the highest indicator – 9.35%.

3.2 Results of the study of basic social indicators in Poland

In Poland, the health sector has been subordinated to the Ministry of Health, the National Health Fund and local governments since 2003. The Ministry of Health plays a key role in defining health policy, financing and implementing governmental programs. Considerable attention is paid to the state social and educational policy in Poland, taking into account public opinion, which has contributed to the government’s implementation of significant reforms in the field of education in recent years. Polish labor law operates in accordance with European Union and international standards. The Ministry of Family, Labor and Social Policy of Poland is responsible for a number of legislative acts, among which labor law and initiatives related to the formation and implementation of solutions that promote the labor development market are of priority importance. Figure 3 shows the statistics for Poland, which cover the ten-year period from 2010 to 2019. The presented data demonstrate the social orientation of the Polish budget in the field of health and education, as well as the social protection of citizens in respect of the reduction of unemployment. During the study period, as shown at Figure 3, expenditures on education financing in Poland were stable. Expenditures on education accounted for
11.41% of GDP on average, with the minimum of 10.98% in 2012 and the maximum of 11.63% in 2019. Governmental expenditures on medicine out of GDP are lower, and over the ten-year period (2010–2019) there has been stable funding for this sector. The average values are 6.38%, with the minimum of 6.2% in 2012 and the maximum of 6.54% in 2016 and 2017.

As can be seen from the curve (Figure 3), the unemployment rate in Poland began to decline sharply in 2014, decreasing by more than two and a half times, and in 2019 this figure reached a minimum level of 3.47%. The average value for the period 2010–2019 is 7.45%, with the maximum value recorded in 2013 being 10.33%.

![Figure 3: Indicators of the unemployment rate in Poland for the population aged 15–74 and public expenditures on education and medicine as a percentage of GDP](image)

**3.3 Results of the study of basic social indicators in Romania**

In Romania, an important component of public social policy is the educational sector, which is centralized. The education system is subordinated to the Ministry of National Education and Research, which is fully responsible for the education strategy in the state. Romania’s public health policy, despite a number of problems, is aimed at the full social security of its citizens with health care. For this purpose a National Health Strategy covering the period 2014–2020 has been developed.

The Romanian government is making a number of efforts to bring the country closer to the level of successful countries of the European Union in terms of employment. Although employment growth is not balanced enough, state social policy is aimed at creating conditions for providing citizens with jobs, eliminating regional disparities and low employment among young people.

Figure 4 represents statistics for Romania for the ten-year period from 2010 to 2019, which show the costs of education and medicine in terms of GDP, as well as the unemployment rate. As can be seen from Figure 4 in Romania during the study period there is a positive trend in financing of education. Expenditures on education accounted for 9.34% of GDP on average, with the minimum in 2011 being 8.33% and the maximum of 11% in 2010.
Government expenditures on medicine out of GDP are lower, and over a ten-year period (2010–2019) there has been a stable trend in funding for this sector. The average values are 5.06%, with the minimum of 4.7% in 2011 and the maximum of 5.77% in 2010. As can be seen from the curve (Figure 4), the unemployment rate in Romania has decreased significantly over a ten-year period. Since 2015, the country has seen a gradual decrease in the number of unemployed citizens. The average value for the period of 2010–2019 is 6.06%, the lowest unemployment rate was recorded in 2019 – 3.98%, and 2011 was marked by the highest value of 7.18%.

![Figure 4: Indicators of the unemployment rate in Romania for the population aged 15–74 and public expenditures on education and medicine as a percentage of GDP](image)

### 3.4 Results of the study of basic social indicators in Lithuania

The healthcare sector occupies a prominent place in Lithuania. The main philosophy of the government in the field of health care is set out in the Health Care Strategy of Lithuania for 2014–2025. Education policy in Lithuania is one of the priorities of state policy. It is based on important legislative documents adopted by the parliament in 2003 – the Law on Education and the Long-Term Educational Strategy. In recent years, the Ministry of Social Security and Labor of Lithuania has been paying considerable attention to employment of citizens and reducing of unemployment.

Figure 5 shows statistics for Lithuania covering the ten-year period from 2010 to 2019. These data show the degree of social orientation of the state budget to the most important needs of its citizens – health care and education, as well as such an important indicator of social well-being of the state as the unemployment rate. As can be seen from Figure 5, in Lithuania such a social indicator as education financing is at a stable level, with a slight decrease over the last three years (2017–2019). Medical funding for ten years (2010–2019) also remained almost at the same positive level.

Expenditures of the state budget on education averaged 12.52% of the GDP with the minimum of 11.83% in 2018 and the maximum of 13.54% in 2012. Governmental expenditures on medicine out of GDP are lower, and over the ten-year period (2010–2019) there is a tendency to improve funding. The average values are 6.52%, with the minimum
of 6.14% in 2013 and the maximum of 6.85% in 2019. As can be seen from the curve (Figure 5), the unemployment rate in Lithuania averaged 10.56%. Over the ten-year period, it has consistently decreased from 17.81% in 2010 to more than two and a half times – 6.35% in 2019.

![Figure 5: Indicators of the unemployment rate in Lithuania for the population aged 15–74 and public expenditures on education and medicine as a percentage of GDP](image)

### 4. Discussion

The last decade in Eastern Europe has been marked by the development of new approaches to the socio-economic evolution of the state, which was significantly influenced by the rapid industrialization and informatization of society. In addition, an important role in the social policy of the studied countries Ukraine, Poland, Romania and Lithuania began to play such areas as expanding of the human freedom sphere, democratization of society, improving of social welfare, providing affordable and good quality education, health care reform and implementation of measures on environmental protection (Ansell & Lindvall, 2013; Buniul, 2016; Pérez-Díaz, 2014; Sloan & Warner, 2019; Zinkina et al., 2019). The social orientation of the state has actively strengthened, which has manifested itself in the development and improvement of social legislation. The evolution of civil society has contributed to a change in worldview and expectations from the welfare state, shifting away from paternalistic functions to the neoliberal concept of self-help and increasing the competitiveness of society as a whole. There was an effective realization of labor and entrepreneurial potential, in particular by stimulating the development of the population’s own capabilities. An important role in this process among other factors was played by IT-technologies (Chung et al., 2012; Dees & Anderson, 2006; Egholm, Heyse & Mourey, 2019; Heitor et al., 2012; Kvist, 2013; Meier & Terán, 2019; Mironenko et al., 2015).

This study focused on the review and analysis of statistics that characterize the status of development of the welfare state in terms of guarantees of social benefits by the state,
rather than in terms of relying of citizens on the achievements of civil society, i.e. on their own resources. Thus, in this study the state institutions and the progressive steps towards the implementation of social functions and guarantees of the state have been analyzed. Despite the multi-vector and multi-tasking financial component of the budget, which would fully characterize the level of development of the welfare state, the study focused on the most important parts of the social sphere, which include health care, education and employment. For the objectivity of the study a significant time interval from 2010 to 2019 was covered.

According to this research (Table 1, Figures 2–5), in all four countries: Ukraine, Poland, Romania and Lithuania, the approach of state institutions to the financing of both education and medicine coincides. Expenditures on education are almost twice as high as expenditures on medicine. Financing of education during the studied ten-year period remained at the same level within the financial standards of each state. There is no significant difference in the expenditures from the volume of GDP between each of the surveyed states. Expenditures on education on average accounted for 13.26% of GDP in Ukraine, 11.41% in Poland, 12.52% in Lithuania and 9.34% in Romania. Romania differs slightly from other countries. Funding for education, although not significantly, but tends to increase, and this is quite justified, as state funding for education from the volume of GDP in Romania is lower compared to other countries studied.

Governmental expenditures on medicine from the volume of GDP in all the studied countries do not differ much, averaging 6.98% in Ukraine, 6.52% in Lithuania, 6.38% in Poland, and 5.06% in Romania.

With regard to such an important indicator as the unemployment rate for the three studied countries: Poland, Romania and Lithuania, a rather positive trend was established over a ten-year period with a significant decrease in the number of unemployed as of 2019. The most significant achievements are observed for Poland, where the unemployment rate for the seven-year period from 2013 to 2019 decreased three times from 10.33% to 3.47%. The same positive dynamics is typical for Lithuania, where the unemployment rate in 2010 was 17.81%, and in 2019 it decreased almost three times, to 6.35%. Romania has also made significant progress in tackling unemployment, with the unemployment rate of 6.96% in 2010 falling to 3.98% in 2019. A completely different picture is observed for Ukraine, where since 2014 the unemployment rate amounting to 9.27% began to rise, and until 2019 there is an almost stable negative trend with the increase of unemployment rate. This negative trend can be fully explained by a political factor, as since 2014 Ukraine has been subjected to armed aggression by Russia, and 7.2% of Ukraine’s territory is still occupied. Nevertheless, Ukraine together with the countries studied – Poland, Romania and Lithuania, remains a country that has demonstrated, especially over the last decade, new approaches to social standards.

5. Conclusions

Summarizing the research on the example of Eastern European countries Ukraine, Poland, Romania and Lithuania, it can be stated that over the last decade (2010–2019) there have been common approaches of governments to socio-economic development and social standards within each country. The dominance of the social-
The democratic model of the welfare state, which is inherent in the studied countries, has acquired its development and positive qualities. The analysis of the basic statistical data related to the expenditures on education and medicine from the volume of GDP showed that during 2010–2019 the financial standards of each of the surveyed countries remained at a stable level. Moreover, all the studied countries have the same approach of the governments of these states to the above social standards. Expenditures on education made quite significant part from the volume of GDP and ranged from 9 to 13%. Medical funding was at essentially lower level from the volume of GDP and ranged within 5–7%.

A study of an important component of social state policy – the creation of conditions for providing citizens with work, carried out by the governments of Ukraine, Poland, Romania and Lithuania, showed ambiguous results among the studied countries. In Poland, Lithuania and Romania during the study period there was significant progress in reducing the number of unemployed by more than two-three times. In Poland in 2019 the number of unemployed was 3.5%, in Romania – 4%, and in Lithuania – 6.4%. Against the background of these countries, Ukraine stands out. The number of unemployed here has not decreased over a ten-year period, but continues to remain at a fairly high level, ranging from 7 to 9%. However, this situation with the unemployment rate is caused not so much by internal factors that would indicate the government’s unsuccessful social policy, but by external ones – armed aggression by Russia.

Thus, based on the above research, it should be noted that the paradigm of the welfare state in Eastern Europe, in particular such countries as Ukraine, Poland, Romania and Lithuania has undergone significant modernization. These changes have manifested themselves in a number of components, among which the higher quality of social standards has taken a prominent place, including affordable and good quality education, medicine, human rights and democratization of society. The significant achievements of the studied countries during 2010–2019 in the development of civil society, resulting in an effective realization of labor and entrepreneurial potential, which stimulated the development of the own capabilities of population should also be noted. The welfare state has shifted its emphasis from paternalistic functions to the neoliberal concept of self-help and increasing the competitiveness of society as a whole.

References


