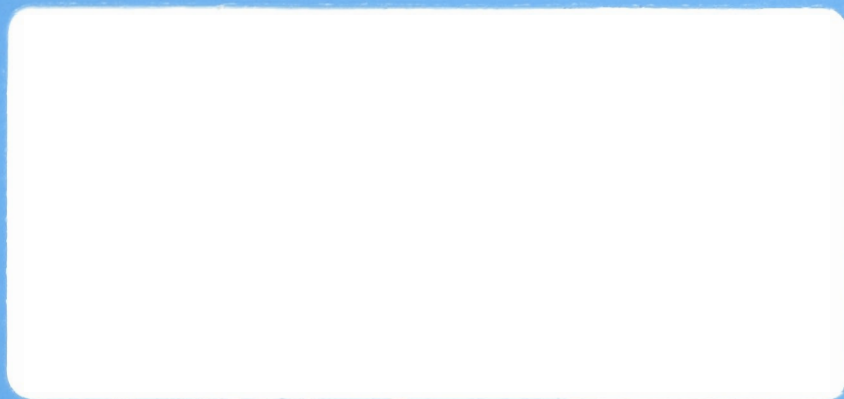




unicef

INTERNATIONAL CHILD DEVELOPMENT CENTRE



Innocenti Occasional Papers

**INNOCENTI OCCASIONAL PAPERS
ECONOMIC POLICY SERIES, NUMBER 43**

**SPECIAL SUBSERIES
ECONOMIES IN TRANSITION**

**FAMILY SUPPORT POLICIES
IN TRANSITIONAL ECONOMIES:
CHALLENGES AND CONSTRAINTS**

Gáspár Fajth*

EPS 43

August 1994

This paper is part of the documentation resulting from the ongoing research project "Public Policies and Social Conditions: Monitoring the Transition to the Market Economy in Central and Eastern Europe" (MONEE) coordinated by Giovanni Andrea Cornia.

* UNICEF International Child Development Centre, Florence.

The views expressed in this paper are those of the author and do not necessarily represent the views of the UNICEF International Child Development Centre.

The author is indebted to all the members of the MONEE project network, especially Stanisława Golinowska, Judit Lakatos, Jaroslav Novák, Andrzej Ochocki, Marius Augustin Pop, Helena Wolekova and Cătălin Zamfir. The author also wishes to thank colleagues at the UNICEF International Child Development Centre, particularly Giovanni Andrea Cornia for his constructive suggestions, Patrizia Faustini for assistance in the library, Renato Panicià for his help with the graphs and Robert Zimmermann for comments and editing the text.

CONTENTS

EXECUTIVE SUMMARY	v
I. INTRODUCTION	1
II. THE LEGACY OF PAST FAMILY SUPPORT POLICIES	5
The Importance of Family Support	5
The Provision of Family Support	10
The Advantages and Shortcomings of the Policy Legacy	16
III. CHANGES IN FAMILY SUPPORT POLICIES	20
Public Expenditures on Family Support	21
The Providers of Family Support	24
The Coverage and Provision of Family Support	30
IV. THE NEW PROFILE OF FAMILY SUPPORT	50
The Czech Republic: The "Rich-Neoliberal" Model	52
Conservative Family Support Initiatives in Central Europe	55
V. AN ASSESSMENT OF NEW FAMILY SUPPORT POLICIES	56
Responses to Changes in the Labour Market	56
The Adequacy of Adjustments in Income Assistance	60
Abandoning Incentives Designed to Boost Fertility Rates	64
Responsiveness to Child Health and Development	65

TABLES

1. Family Support and Total Cash Transfers, In-kind Benefits and Subsidies	7
2. In-kind Benefits and Consumer and Housing Subsidies in Hungary	9
3. The System of Paid and Unpaid Leaves in Bulgaria	14
4. The Comprehensive System of Child Benefits in Poland	17
5. Changes in GDP and Selected Public Expenditures	23
6. The Share of the Costs of Childcare Borne by Providers and Users	28
7. The Coverage of 0-to-18-Year-Olds by the Family Allowance	32
8. The Family Allowance Benefit and Related Price Compensations	37
9. The Family Allowance in Russia	38
10. The First Child-Third Child Ratio in Family Allowance Schemes	39
11. The Features of Maternity Leave Benefits	41
12. The Actual and Theoretical Coverage of the Maternity Benefit	43
13. Children in Nurseries and Parents on Parental Leave	44
14. Children in Nurseries in Three Countries	45
15. Kindergarten Enrolment Rates and Fees	49
16. The Composition of Cash Family Support Benefits in the Czech Lands	53
17. Major Family Policy Changes in the Czech Republic	54
18. Changes in Employment and Unemployment Rates by Gender	57
19. Unemployment Compensations and Parental Leave Benefits Compared	60

FIGURES

1. The Incidence of the Family Allowance in Hungary and Bulgaria	33
2. The Per-child Incidence of the Family Allowance in Poland	34
3. Distribution of Family Allowances and Child-related Benefits in Bulgaria	48

BIBLIOGRAPHY	67
--------------------	----

EXECUTIVE SUMMARY

This paper documents recent cutbacks in family support programmes which supply employment and childcare relief, as well as income assistance for child-rearing and education, to parents in nine Central and Eastern European countries.

It points out that, while the fall in the per-child or per-mother (or father) value of benefits has mostly been intentional, at least to the extent that inflation was known to be producing attrition, there has also been erosion in programme coverage that has been less apparent and that has often generated a loss in assistance to those most in need.

The coverage of programmes which provide employment and childcare support for parents has shrunk because the sharply declining trend in employment has especially affected females (mothers) and those sectors which tend to produce tax revenue. This means that young parents are receiving less income support, though the relative size of their expenditures for childcare and education has grown because public subsidies have been scaled back. One very unfortunate result has been a plunge in preschool enrolment rates in all countries except Hungary.

The per-child value of family benefits has plummeted both in real terms and in relation to the average wage. The coverage of major income support programmes has also decreased, less because of efforts to target the poor more effectively than because eligibility for these programmes is tied in the majority of countries to that for social insurance, for which more and more households are becoming ineligible.

Changes in benefit schemes do not always respond to changes in needs. Policies are driven partly by fiscal constraints and partly by ideological considerations. Neoliberal policies, if backed up by appropriate fiscal measures, tend to transform rather than curtail family support programmes. While the number of public childcare facilities may be slimmed down, parental leave provisions may be improved and private childcare facilities encouraged. Similarly, the assistance offered through income transfer programmes may be trimmed somewhat and turned into support provided through wage "equalizers" in such a way that differences in family size would tend to distort wage incentives less, while the number of assistance claims would be diminished.

On the other hand, if public finances are in dire straits, the neoliberal argument may be used to mask a breakdown in family support programmes that pushes needy households even deeper into poverty, thereby further eroding "social solidarity".

The clear goal of eliminating all pronatalist policies from the welfare regimes inherited from the pre-transition period may create undesirable degeneration in the income position of young families (and exacerbate population imbalances).

Meanwhile, a conservative or nationalist approach may aim at greater social solidarity, more "familist" endeavours, or certain pronatalist goals. However, such approaches could aggravate fiscal imbalances and induce greater programme targeting among the middle class rather than the truly needy.

The paper shows that in all the countries of the region public expenditures for family support programmes have fallen more than the drop in GDP would lead one to expect and that these expenditures have fared relatively more badly than have other social expenditures. However, the paper also attempts to show the differences among these countries in terms of outlook, traditions, economic constraints and social conditions. These differences are fostering the appearance of a variety of new approaches toward family support in Central and Eastern Europe.

I. INTRODUCTION

Child and family policies in Central and Eastern Europe have often been cited in ideological tracts to demonstrate the humanity of public policy under the Communist regimes. Since the fall of the Berlin Wall, several publications have revealed the true conditions of children in Central and Eastern Europe, thus creating a greater awareness of gaps and deficiencies in this heritage (for example, see Kovařík 1994 on Czechoslovakia; Szalai 1992 on Hungary; Sipos 1991 on Central Europe and Bulgaria; Johnson, Edwards and Puwak 1993 on Romania; Riazantsev, Sipos and Labetsky 1992 on the USSR).

This paper deals more with the positive elements. It focuses on the ingredients in child and family policies that provided support to families with the aim of easing the dichotomy between regular employment and the care of children and offsetting the negative consequences of child-rearing on the income position of parents. These policies, which will here be called "family support policies", were in fact abundant in many ways in these countries, especially if they are examined in light of levels of economic development.

The extent to which these programmes should—and can—survive the transition from planned systems to market economies is still in question today. Further questions are raised by the large economic and welfare losses, originally expected to be limited and provisional, that have nonetheless been accompanying the transition now for several years and that have generated a comprehensive social crisis (UNICEF-ICDC 1993). How are family support policies responding to the new circumstances and to this crisis? To what extent are recent changes founded on a new market-based rationale? To what degree are outcomes rather the result of inertia or growing budget constraints? What are the prospects for family assistance?

The investigation in this paper begins with the specific needs which generated these policies. In modern societies child-rearing is in a day-to-day conflict with the economic interests of each household. The motives for having children cannot be reduced to only economic terms. Still, children may represent a good long-term investment in industrial and postindustrial societies only for the economy as a whole. On the microlevel families raising children must deal with extra expenditures, employment problems and related income losses. The delivery, education and care of children take up much of the time of parents and leave less room for earning activities. The more children in a family, the harder it is for the family to maintain the level of well-being that would otherwise be derived from the earnings of the parents. This is because the presence of children alters family spending patterns, and the expenditures on children absorb a large part of family incomes. Thus, families with children

tend to be poorer than families without children, and the consequences tend to become more negative the more children there are.

A family may adopt several strategies to prevent or to respond to this conflict. Children may work and contribute to family income, and they may help ensure the welfare of their parents when the parents are growing old. However, industrialization has made the traditional family model of several generations living together and providing assistance to each other less viable. Moreover, partly for health reasons but more often because of labour force considerations, the state has tended to intervene in ways which work against traditional solutions by introducing compulsory education for children and social security systems to benefit the elderly. The point is: Is the community willing to encourage state interventions which are designed to reestablish the balance of economic interests at the household level that assists in child-rearing, or should families be made to deal with this problem on their own? The more the latter solution is favoured, the more it may be supposed women will enter the labour force in much smaller numbers than would otherwise be the case, fertility rates will drop further, the health of mothers and children will be affected unfavourably, and child education and child development will be impaired.

Family support policies have always performed two separate but related functions which respond to these frictions: income support and employment assistance. These policies have been especially important in Central and Eastern Europe.

"Existing socialism" was a giant but abortive strategy for catching up with the leading industrial nations. Socialist economic policy leaned strongly toward the extensive and centralized use of both labour and capital. Consequently, it had to be underpinned by high employment rates (supported by comprehensive childcare and education systems) and relatively flat income distribution, which ensured subsistence minimums for everybody while keeping savings and investments in public hands.

The family support policies of the socialist regimes attempted to serve these needs. They eased the employment-childcare dichotomy, which had been magnified by high female labour force participation rates; they also promoted child delivery and child and maternal health under conditions of free and widely accessible health services and nearly 100 percent female employment rates. These high rates were facilitated by the provision of long maternity leaves both before and after delivery and by making the leave available for the mother or for either of the parents in the case of the illness of a child. The traditional response to the employment-childcare dichotomy was the establishment of childcare institutions. This policy

functioned well on a massive scale in the case of kindergartens, but much less well in the case of institutions for under-3-year-olds. The public policy response to the high costs and unfavourable impact on child development of nurseries and day care centres was the promotion of home care through the parental leave. Extended parental leave, plus maternity leave, usually made it unnecessary for very young children to be sent to preschools.

Policies aiming to support the manpower needs of rapid industrialization in countries with strong agricultural traditions and low wage levels had several consequences on education systems as well. The promotion of levels of education that were above those which parents would support on their own was fostered by limiting self-employment, discouraging child labour, applying strict administrative controls over compulsory school attendance, and providing free or highly subsidized services and facilities, including basic and additional courses, summer camps, books and so on. Education policies involved family assistance components, and family support policies aimed at human capital improvements.

Specific labour and investment policies had to be underpinned by significant income transfers. The introduction of universal pensions and the emancipation of women quickly removed the more traditional economic and cultural motives for bearing children, and the flat income distribution resulting from the egalitarian wage structure and lack of income from wealth seriously penalized households with children. Income support policies embraced noncash compensations (preferential treatment in the allocation of shortage goods like housing and high subsidies for goods destined for use by children) and alternative ways of providing cash support for families with children.

While rapid industrialization involved substantial movements of people within countries, political conditions and considerations did not permit any significant immigration or emigration, though there were some interesting exceptions. Thus, for example, several thousand Cubans were employed in Hungarian textile plants, and similar numbers of Hungarians found temporary employment in East German machine production plants. Still, these were exceptions which had to be disguised as "education" or "solidarity", and manpower planners could not rely on such solutions on any large scale. The long-run demand for a national labour force therefore encouraged a clear pronatalist tendency, which was evident in family support policies as well.

If the centralized control of the socialist regimes over labour and capital, the terms of employment and income distribution are eliminated and replaced with free labour markets and stock exchanges and if long-term population considerations are swept aside because of

the difficulties workers face in finding employment and because of a desire for a mega-European labour force, then family support policies providing employment and income assistance must also be adjusted.

The eventual fate of family support policies will presumably depend partly on the ability of these policies to respond—jointly with other public policies—to the social problems being faced by all (post)industrial countries, such as migration, the erosion in social cohesion, low fertility rates, family problems, long-term unemployment, homelessness, drug abuse and urban violence. Also of decisive importance are the strategies which countries select in order to achieve overall economic development and the philosophy which is adopted in labour market policies.

The Central and Eastern European countries now seem to be replacing communism with two basically opposed ideologies: "conservative nationalism" or "liberal integralism". The first approach tends to see communism as an historical error which should be corrected through an attempt to return to ways of thinking perceived as prevalent before the country's national history became sidetracked by war, revolution or foreign occupation. The second approach tends to view the free market and international corporations simply as a means for "catching up" that is more efficient and powerful than any government policy, even if the catching up is done by elites rather than whole populations.

While a purely nationalist platform might entail more solidarity among the citizens of a country, as well as keener support for pronatalism and tougher migration policies, thereby leading to more generous income assistance for families, it might also promote the traditional family model and discourage female employment. In contrast, a purely (neo)liberal-integralist platform would not demonstrate a particular concern over the existence of large income differentials, significant unemployment or great numbers of working poor. It would tend not to burden government budgets and the international competitiveness of the cost of labour through conspicuous transfers, including child-related ones. At the same time such a platform might have a more positive impact on internal and external migration, female employment and the existence of alternative solutions in childcare.

Nonetheless, over the short or even medium term either approach (or any mixture of both of the two) would have to take into account the repercussions of the transition-related economic and social crisis. Even orthodox neoliberals must be aware of the negative economic and social effects of the huge drops in marriage and fertility rates recorded in almost all countries during very recent years. These drops may reflect a reaction of those people who

do not yet have children to swiftly climbing poverty rates. Until the transition yields more tangible outcomes, the only choice for those who already have children is to cut down on expenditures. On the other hand, even vigorously committed social workers must understand the poor current state of public budgets.

Care must be exercised in the introduction of new policies. In several countries family assistance has a longer history than does communism, and the theories behind it are embedded in the way people think and the way households cope with hardships. Austerity measures should reflect an awareness of the problems of families with children; families need time to adjust to new circumstances. Policies which are unresponsive to change should not be tolerated. Children should not be allowed to become the objects of risky experiments.

II. THE LEGACY OF PAST FAMILY SUPPORT POLICIES

The shift from a predominantly agricultural to a predominantly industrial labour force led the countries of Central and Eastern Europe to develop family policies before, during and—in the majority of cases—after the war that were similar to those in other parts of continental Europe. While many of the aims of these policies were comparable to those in most industrialized market economies, the policy measures undertaken tended to be more comprehensive than were those in the West. Aside from the economic considerations, comprehensive measures were more in keeping with the organizational philosophy behind the economic and social institutions which had developed in Eastern Europe.

The Importance of Family Support

The importance assigned to labour, demography, education and income was reflected in the relevance family support measures had within the welfare redistribution system, which was tailored to sustain full employment and small (vertical) income differences. Typical of the approach to welfare redistribution were a comprehensive social security system, free or low-priced public services, additional benefits supplied by employers and a centralized tax and pricing system. Cash benefits were provided mainly through the social security system, while in-kind benefits were furnished through public or employer-supported welfare funds. Indirect transfers such as price subsidies on most consumer goods and housing were also prominent.

Most cash and in-kind transfers were accessible through employment, and the allocations were intended to be linked to the level of income or to need based on demographic or health factors. Means-testing in the Western sense went largely undeveloped; this was officially justified by the fact that employment was guaranteed.

The reliance on cash payments in family assistance was consistent with the way other social security transfers were handled and with the extent of the "monetization" of public benefits in general. Family support typically represented around one-quarter of all cash transfers, which reached 10 to 15 percent of GDP in Central Europe and a smaller share of GDP in Eastern Europe, especially in the USSR, where they amounted to between 7 and 8 percent of GDP in 1989 (World Bank 1992a). Thus, about 2 to 3 percent of GDP went for cash family support benefits in Czechoslovakia and Hungary, about one-half of that amount in Eastern and Southeastern Europe (except Albania) and even less in the USSR.

While an important share of health expenditures was used for maternal and child health care and therefore may be included under the broad heading of "child- and family-related policies", only expenditures on nurseries (traditionally covered by public health care expenditures) would be counted as "family support". Similarly, expenditures for kindergartens and for other forms of day-time care, services, or goods offered through educational systems would be included under "education". Unfortunately, the information available on public budgets is nowhere detailed enough to separate out these various spending areas, and no precise statements about trends among these very specific items can be made based on aggregated data. However, global data on health and education expenditures do seem to reflect certain qualitative differences among countries in the provision of services in general. Thus, while an average of about 3 percent of GDP went for health expenditures in the region, such expenditures accounted for 5 percent of GDP in Czechoslovakia, but less than one-half that share in Romania and the USSR. Public expenditures on education were somewhat higher, reaching 3.5 or 4 percent of GDP in most countries, except in Romania, where they amounted to about 2 percent of GDP.

Table 1 shows the amounts spent on cash transfers and in-kind service benefits through family support programmes in three Central European socialist countries in 1989. Some subsidies which are easily identifiable as child-related income assistance have been set apart under the heading "family support". Total expenditures on cash transfers, in-kind benefits and consumer and housing subsidies have been included as benchmarks.

Total family assistance amounted to 5 to 7 percent of GDP in more well-off socialist

Table 1: FAMILY SUPPORT AND TOTAL CASH TRANSFERS, IN-KIND BENEFITS AND SUBSIDIES
(In Three Central European Countries, 1989)

	Czechoslovakia		Hungary		Poland	
	Crowns (billion)	% GDP	Forint (billion)	% GDP	Zlotys (trillion)	% GDP
<i>Family Support Measures</i>						
Cash transfers	23.35	3.1	77.0	4.4	2.75	2.3
Family allowance	16.50	2.2	52.8	3.0	2.35	2.0
Maternity leave	2.11	0.3	4.0	0.2	0.10	0.1
Parental leave	1.75	0.2	10.9	0.6	0.08	0.1
Sick child leave	1.32	0.2	1.5	0.1	0.06	0.0
Grants & other	1.67	0.2	7.8	0.5	0.16	0.1
Indirect transfers	8.07	1.1	15.5	0.9	0.07	0.0
Transport, etc. ^{a/}	1.31	0.2	2.8 ^{b/}	0.2	0.07	0.0
Housing investment "bonuses"	--	--	12.2	0.7	--	--
Income tax relief	6.76	0.9	0.5 ^{b/}	0.0	--	--
Benefits in kind ^{c/}	8.84	1.1	18.3	1.1	0.85	0.7
Nurseries	0.86	0.1	3.8	0.2	0.15	0.1
Preschools	3.36	0.4	11.0	0.6	0.7	0.6
School meals	2.6	0.3	--	--	--	--
Other	2.02	0.3	3.5	0.2	--	--
Total	40.26	5.3	110.8	6.4	3.65	3.1
<i>Total Transfers, Benefits and Subsidies</i>						
Total cash & in-kind transfers	222.2 ^{d/}	29.3 ^{d/}	441.3	25.5	20.35	17.2
Cash benefits	99.5	13.1	256.0	14.8	11.15	9.4
Health care benefits ^{a/}	33.2	4.4	59.8	3.5	4.0	3.4
Education benefits ^{a/}	31.7	4.2	82.1	4.7	4.38	3.7
Consumer & housing subsidies	--	--	138.6	8.0	6.15	5.2
Memorandum item: GDP	758.7	100.0	1730.4	100.0	118.319	100.0

Sources: Cornia and Sipos (1991), KSH (1991) and the MONEE Database, which is located on the computers of the UNICEF International Child Development Centre and is not a published source (see UNICEF-ICDC 1993, 1994).

^{a/} Includes only those subsidies which can be easily identified and evaluated. ^{b/} Estimated. ^{c/} For Czechoslovakia and Poland, only public expenditures; for Hungary, also the "social" expenditures of enterprises. ^{d/} Includes housing subsidies.

countries, while it reached about one-half of that share in Poland, which is representative of countries with larger populations, but in worse financial positions.

Table 1 does not show all the transfers received by families with children, but only those indirect income-support transfers and subsidies which went exclusively and identifiably for children or to households with children. Aside from these, a certain portion of comprehensive subsidies for food, rent, clothing and so on went to families with children. These transfers were huge; subsidies for consumption goods such as food, heating, rent and clothing reached 7 to 8 percent of the GDP of the region around 1989 (UNICEF-ICDC 1994,

Chu and Schwartz 1994). Though the share of these subsidies that went for children is difficult if not impossible to gauge, it is reasonable to assume that it attained at least the 20 to 25 percent share that children represented in the population. Consequently, at least 2 percent of GDP was spent on subsidies which were designed for children or otherwise reached them. This would further raise the total income support for families with children.

A study of the GDP-share of public outlays in the social sector in the 1980s concluded that, while the socialist countries were spending an average 3 percentage points less than the countries of the Organization for Economic Cooperation and Development, they were spending an average 1.3 percentage points more on cash family assistance benefits (Rutkowska 1991; the study did not cover the USSR, for which this conclusion would not have been valid). The average share of GDP spent on education in the socialist countries was around that for the poorer OECD countries and remained only 1 percentage point below the overall OECD average. However, the difference in health-related public spending was greater. These findings suggest that family support enjoyed a special importance in Central and Eastern Europe even relative to welfare spending in areas such as health care or social security for the elderly.

Several indicators suggest that services which responded to the employment-childcare dichotomy or the family income problem were the most generous in the socialist countries. For example, relative to the situation in the market economies, enrolment rates were higher in nurseries in the socialist countries but lower at the university level. A similar conclusion can be drawn for other indirect transfers. Price subsidies, which were comprehensive under the socialist regimes, were exceptionally large for goods destined for the use or benefit of children. While most food products were subsidized, the subsidies for milk and milk products were often the most significant in relative terms. Clothing, footwear and furniture for children, as well as nappies or diapers, toys, children's books and schoolbooks, were all subsidized and available at very low prices. In housing, which was also generally subsidized, families with children enjoyed priority both on waiting lists for rented apartments and in the allocation of grants or subsidies for mortgage loans.

Thus, the importance of family assistance was considerable even for the average wage-earning household. For families with many children, single-parent families and poorer families, it had become extremely important by the time of the transition. While family allowances and similar cash benefits represented an average 4.6 percent of all household incomes in the socialist countries, the income share in Bulgaria in 1989 was 11.4 percent for

couples with two children and 18 to 20 percent for couples with more than two children (Chernozemski 1991). In Hungary active households with two children received 21.9 percent of their net income as cash benefits; this ratio reached one-third for households with three or more children (Fajth and Vita 1992). Active households in the lowest income decile of the population received 29 to 50 percent of their incomes as transfers, depending on family size. If free in-kind services, such as health care, education and recreation, and consumer and housing subsidies are added to the equation, the share of assistance reaches as high as twice as much. For instance, in Hungary in 1989 households with two children received in-kind benefits and consumer subsidies which represented the equivalent of 41 percent of their incomes; the share was 57 percent for households with three or more children (Table 2).

Families were therefore highly dependent on public transfers which were closely tied to family size. Public transfers in the form of cash transfers, in-kind services or consumer and

Table 2: IN-KIND BENEFITS AND CONSUMER AND HOUSING SUBSIDIES IN HUNGARY
(In Percentages, By Type Of Household And Income Level, 1989)

	In-kind Benefits and Subsidies	Of Which:	
		Consumer and Housing Subsidies	Education Benefits
<i>Net Personal Income = 100</i>			
All households	32.6	14.6	7.8
All active households	32.7	13.9	9.1
With 1 child	32.6	13.4	9.3
With 2 children	41.5	15.8	16.3
With ≥ 3 children	57.3	20.1	24.5
Active households in the lowest income decile	66.9	22.0	24.8
With 1 child	57.2	19.1	17.2
With 2 children	63.5	19.5	23.5
With ≥ 3 children	77.0	26.5	32.1
<i>Interdecile Ratio of Total Benefits and Subsidies Received*</i>			
Active households	139.2	228.5	51.2
With 1 child	272.7	416.5	192.7
With 2 children	65.3	97.7	79.6
With ≥ 3 children	5.7	5.8	6.3
<i>Interdecile Ratio of Total Per-family Benefits and Subsidies*</i>			
Active households	125.6	205.7	46.5
With 1 child	148.5	228.3	104.1
With 2 children	167.0	266.7	165.4
With ≥ 3 children	122.3	104.9	150.4

Source: Based on Kupa and Fajth (1990).

* The interdecile ratio is the amount households in the 10 percent of the population with the highest incomes receive relative to the amount received by households in the 10 percent of the population with the lowest incomes.

housing subsidies covered an average of 58 percent of the consumption and savings of households with three or more children in Hungary. In other Central and Eastern European countries the composition of these transfers may have been somewhat different, but the relative importance of public transfers was presumably rather similar (Ahmad 1992).

More well-off households tended to obtain more transfers per capita or per household than did poorer households. This resulted from the fact that eligibility was linked to employment and that wealthier families were better able to take advantage of fringe benefits or comprehensive benefit and subsidy systems. However, the dependency on transfers was much higher among poor households than it was among wealthier households, and transfers were more important for poor households in relative terms because, though the "take-up" among these households was lower, their incomes were lower still (Kupa and Fajth 1990).

The differences in the distribution of the several types of transfers among various population groups were also important. Due to the relatively flat distribution of earnings overall, family size was a rather good indicator of need. Not only were cash support to families with children and access to kindergartens and other educational services more important for the poor, but a greater proportion of the transfers were also received by households with incomes below the average. On the other hand, a greater proportion of general price subsidies went to more well-off households, and these subsidies therefore tended to increase, rather than decrease, income inequalities.

The Provision of Family Support

Family support programmes were effective in reaching targeted populations in the sense that the eligibility criteria were very broad and that multiple providers, which were all agents of the same central authority, were employed. Programmes tended not to be "exclusive"; access to one programme did not usually depend on access to another. Employment in the "socialist" (or state-controlled) sector tended to be the only specific criterium for eligibility.

1. It is a widely held misconception that under the Communists most **childcare facilities** were located at the workplace. However, when the number of these facilities was expanding the most, in the 1970s and 80s, the new units tended to be public ones. The portion of childcare facilities run by enterprises among all such facilities was already relatively low at the onset of the transition in 1989: 8 percent in Hungary, 15 percent in Russia and somewhat

higher in Czechoslovakia (20 percent in Slovakia and 27 percent in the Czech Lands).

- *Nurseries* furnishing childcare for under-3-year-olds were operated under the supervision of the health care administration. The facilities, staff and procedures often reflected these health care origins. Nurseries in workplaces offered the advantage that mothers could remain in contact with their very small babies and continue breastfeeding; on the negative side, it was difficult for the mothers to commute to work with their children. Generally, the services were better in units run by employers.

The number and capacity of nurseries increased until the end of the 1970s, though overcrowding remained a constant problem. In most countries the overcrowding began to ease in the 1980s, despite a slow decline in the number of places available. This was because of the drop in demand that resulted from a rise in the number of parents taking extended maternity and parental leaves. In contrast, the number of children in nurseries rose in Czechoslovakia and the USSR until the late 1980s. Poorer and less well-educated parents tended to rely on nurseries more than did those parents who could afford to remain at home. In general, the system covered only a minority of children, with large differences between urban and rural areas. The proportion of the child population covered at the end of the 1980s ranged from 8 to 9 percent in Poland to 30 to 40 percent in the USSR.

- *Kindergartens* supplied full-day preschool education for the 3-to-6-year-old children of working women. Since kindergartens were under the supervision of educational ministries and had curriculums, they were viewed as providers not simply of day care, but also of guidance in child socialization and development.

The number and capacity of kindergartens grew at a rapid pace in the 1970s and 80s, thereby easing acute overcrowding, improving coverage rates and considerably decreasing urban-rural differences. Children aged 3 to 6 were eligible for the preschool education provided by kindergartens; around 70 to 85 percent of the relevant child population was covered by public or semi-public (state enterprise) kindergartens by the end of the 1980s.

Despite declarations to the contrary, governments assumed no specific obligation to provide either nurseries or kindergartens for the children of working parents; universal attendance could be attained if the capacity was available. If there was enough room, the nurseries and kindergartens run by municipalities were obliged to accept the children of working parents living in the district. The fees usually depended on the earnings of the parents but were typically very low, since they had not been raised for several decades. The units run by state enterprises were also available for children based on the proximity of the

households to the units, although priority was given to the children of parents who were employed by the firms providing the facility. There were also facilities for the children of nonworking mothers, but priority was given to the children of those parents who worked.

2. The system of **child-related leaves** was developed gradually over the decades to provide special employment rights to parents and offer an alternative to childcare services by fostering a compromise between the employment of parents and home care for children. Eligibility usually depended on the availability of "social" insurance (or employment in the public sector in the broad sense) and typically on a minimum employment record, though in some countries the amount of time worked was not a factor.

- *Maternity leave* was available as paid leave for employed mothers before and after the delivery of a child. It was instituted because of maternal and child health considerations. The paid leave was financed through social security funds and was available for a period of from four to seven months. It replaced a high proportion of the mother's wages, the amount often depending on the employment record or the number of children. In the USSR only the wages of trade union members were fully replaced, and the benefit was furnished for 56 days prior to and 56 days after delivery. In Poland and Romania the leave lasted 112 days and involved the replacement of 100 percent of wages. In Czechoslovakia the replacement rate was 90 percent, but the leave was available for 28 weeks. In Albania the replacement rate was 80 percent, and the duration was 26 weeks. In Hungary the leave was calculated at the 100-percent rate, and the maximum duration was 24 weeks. Usually, a fixed-sum "birth grant" was attached to the maternity allowance after delivery; this grant was typically a one-time payment and equalled one month's average wage.

- *Sick child leave*, a paid leave furnished to employed parents so that they could care for a sick child at home, was available in almost all countries for children up to 9 to 14 years of age. The number of leave days was limited on a per-year (usually 60 days) or a per-illness (one to three weeks) basis. In Romania the leave was available only until the child reached 3 years of age, but was not limited in terms of the duration of the illness. The allowance was set at 50 to 100 percent of wages, depending on the length of employment.

- *Parental leave*, an extended leave available to either parent, might or might not involve a payment, but the employment and the wages upon the return of the parent to work were guaranteed by law. In most countries a paid leave lasting until the child was 1 or 2 years old could be extended an additional year. In this case the leave was unpaid or was

paid but at a lower rate; however, Romanians were offered only unpaid leave until the child reached 3 years of age. The eligibility for paid leave was linked to a minimum term of employment, often six months (though parents in Hungary who had not been employed could receive a minimum allowance). The leave allowance was usually set at a fixed rate equal to the minimum wage or a portion thereof. The Hungarian system provided employed parents on leave 75 percent of their last pre-leave wage. In Czechoslovakia and Poland the allowance, which was similar to social assistance, was supplied to single mothers or was means-tested. The eligibility for an income-based benefit was determined according to a national standard in Poland, while decisions on eligibility were left to the discretion of local authorities in Czechoslovakia. In most countries both parents could take advantage of the leave. In Bulgaria and the USSR grandparents were also eligible to take the leave. Except in Czechoslovakia, the allowances, which were provided by employers, were paid out from social security funds. (Table 3 illustrates the example of Bulgaria.)

A substantial number of mothers, especially those who had some higher education or who had better jobs, did not take advantage of the full length of parental leaves. Many parents chose to rely on nurseries instead, if these were available (David and McIntyre 1981). The flat distribution of wages and the limited supply of labour made it almost impossible to rely on paid babysitters. The fact that extended families were tending to live apart, the growing frequency of motherhood at a young age and full employment among grandparents were all making it hard for parents to find help for which they did not have to pay.

3. While special services and work-related benefits for parents were viewed as efforts to ease the employment-childcare dichotomy through the provision of assistance in childcare, **income support** was also quite important. The low fees for childcare services and the paid maternal leave, sick child leave and paid parental leave could help those parents who had to leave their jobs briefly to care for their children by offsetting the loss of pay that, given the flat distribution of income, could have led to temporary poverty.

- *Monthly family allowances* were intended to compensate households to some degree for the additional outlays involved in child-raising. Frequently, these measures were also designed to encourage parents to have a certain number of children. In the majority of countries the allowances increased when the second child was born and were reduced or remained unchanged after the birth of the third or fourth child. The benefit varied between 3 and 20 percent of the average wage and was paid out from social security funds. Eligibility

Table 3: THE SYSTEM OF PAID AND UNPAID LEAVES IN BULGARIA
(1980-92)

	Unit	1980	1985	1989	1992
Maternity Leave					
1st child	days	120	120	120	120
2nd child	days	150	150	150	150
3rd child	days	180	180	180	180
4th child or above	days	120	120	120	120
Compensation	leva	full basic wage without bonuses			
Parental Leave					
Paid					
1st child	months	6	24	24	24
2nd child	months	7	24	24	24
3rd child	months	8	25.5	25.5	25.5
4th child or more	months	6	24	24	24
Compensation	leva	minimum annual wage			
Unpaid	months	12 after the paid leave expires			
Sick Child Leave					
1st child	days	60	60	60	60
Compensation: child under 9	leva	100% of the wage		100% of the wage	
Compensation: child ≥9	leva	100% of the wage		70 to 90% of the wage	
Additional Paid Annual Leave					
2nd child	days	--	2	2	--
3rd child	days	--	4	4	--
Compensation	leva	100% of the wage			

Sources: Chernozemski (1991), MONEE Database.

was tied to a full-time employment record. The job often also had to be in the "socialist" (state- or cooperative-owned) sector, such a requirement being clearly discriminatory toward private employers. The allowance was usually paid to the father. This may have been because a father was traditionally more likely to have a job, as well as because, according to a more conservative view, the father was the main breadwinner and decision-maker in the family.

In many countries the family allowance was targeted explicitly at lower income households by a differentiation among families in terms of either the level of the benefit (Bulgaria and Poland until 1989), or eligibility (USSR), or both (Romania). In these cases "household income" was usually interpreted as the main earnings of parents. The allowance

also tended to be more favourable to larger families or to single-parent households.

The distribution and organizational principles behind the family allowance in Central and Eastern Europe most resembled those of the French "social insurance" system, which is the most generous Western system. The French system also obviously served as the original model for the schemes in Central and Eastern Europe, though no special child-related contribution or fund was set up in the socialist countries, which relied for financing instead on general social insurance revenue or simply on public revenues.

The increments added to wages were larger in Central and Eastern Europe than they were in industrialized market economies with high welfare expenditures. For a one-earner household, family benefits added to net earnings an increment of 3.7 percent in Canada, 6.7 percent in West Germany, 8.8 percent in France, 11.5 percent in the UK, 11.7 percent in Sweden, 17 percent in Greece and Belgium, and 20.3 percent in Austria around the middle of the 1980s (Kamerman and Kahn 1988). The increment for a similar family was 19.6 percent in Romania, 25.6 percent in Bulgaria and 41 percent in Hungary, according to the systems prevailing in 1989. The amount added to incomes by the family allowance in the USSR was only about one-half as much as that added to incomes by the family allowances in the Central European countries (Milanovic 1992). In the USSR only families with earnings below 50 roubles per month per family member were eligible for an allowance of 35 roubles per month for each child 1½ to 6 years of age. The allowance was supplied through the revenues of pension funds. The same allowance was also available to single mothers and mothers with three or more children (Zimakova 1994). No cash family allowance was available in Albania.

- The *tax allowance* had limited importance. The wage tax was the prime form of the otherwise rather insignificant income tax, and, aside from Czechoslovakia, where preferential tax treatment of wage-earners with children added about one-fifth to the sum of family support, the importance of child-related tax relief was dwarfed by cash and in-kind benefits.

4. Besides childcare benefits and family allowances, several other, **more limited forms of cash and in-kind support** were available in all countries. Summer camps and sporting and recreation facilities for children or families with children were provided through schools or enterprises and trade unions. Entry to these facilities was based on very modest fees. In addition, larger families were given priority on waiting lists for subsidized summer vacation facilities. Attendance rates were high at these facilities. Relatively substantial government subsidies were also provided for theatres, libraries, music concerts and other cultural events,

especially if these events were targeted at children. In the USSR the children of large, low-income families could also receive free school uniforms and free school lunches, while both parents and children were eligible for free vacations (World Bank 1992b).

These and other family and child assistance benefits, including special benefits for the handicapped, were based on the consideration that social security systems and other state mechanisms should eliminate all "unjustifiable" inequalities or social problems which remained despite the guarantee of full employment.

Table 4 presents an example from Poland of a comprehensive system for child assistance. Such systems represented attempts to combine family support, social assistance and vertical rather than horizontal income equity goals. The providers were all agents of the state, even if they were state-controlled enterprises or state-controlled nongovernmental agencies. The benefits were sometimes neutral but more often progressive in terms of wages. The programmes and conditions in other socialist countries at the end of the 1980s were similar to those outlined in the table.

The Advantages and Shortcomings of the Policy Legacy

Family support as practised in Central and Eastern Europe was appealing in many respects. It helped in attaining high employment rates among married women—rates which are still ahead of those in most industrialized countries. Thus, the care of children had a very different impact on the employment potential of men and women in the countries of the European Community. In those countries 44 percent of women with children under 9 years of age were employed in 1988: less than one-half the share (92 percent) of men with children and also much less than the proportion of women (71 percent) with no children (CEC 1991).

Paid leaves in Central and Eastern Europe tended to be generous and in certain ways could have served as models even for the market economies. In Hungary, for example, parental leave as an extended maternity leave was originally a social policy innovation of the economic reform of 1967-8. There were also other equity and human capital achievements in the region. The high preschool enrolment rates among 3-to-5-year-olds represented a major gain, since the burdens of child-rearing on parents, particularly mothers, were thereby eased and since kindergartens are widely regarded as significant in the cognitive development of children (Gordon 1988, Kamerman and Kahn 1981). Additional support in education created

Table 4: THE COMPREHENSIVE SYSTEM OF CHILD BENEFITS IN POLAND (1988)

Type of Benefit	Features	Accessibility	Income Effect
<i>Cash Benefits Provided through the Social Security System</i>			
Maternity leave	16 to 26 weeks, 100% of wage		neutral
Birth grant	allowance	delivery	progressive
Parental leave	leave, plus allowance	until child is 3	progressive
Family allowance	by income & family size	under-16-year-olds	progressive
Supplementary family allowance	extra allowance by age	need of special diet	
Sick child benefit	100% of wage	brief illness of child	neutral
Extended sick child benefit	flat-rate allowance	need of special care	progressive
Alimony	allowance refunded by father		
Orphan allowance	allowance	death of parent(s)	
<i>Cash Benefits Provided through the Budget of the Education System</i>			
Scholarships			progressive
"Compassionate" allowances			progressive
Orphan scholarship			
<i>In-kind Benefits Provided through the Education Budget and Employers</i>			
Kindergartens		51.2% of 3-to-6-year-olds	progressive
School meals	reduced price meals	45.2% of pupils	
Boarding schools & student hostels	free of charge	14.2% of secondary students	
Holiday facilities for children			progressive
Institutional & foster care			
Special education for problem children			
<i>Cash Benefits Provided through Health Care and "Social" Care Budgets</i>			
"Social pensions" for young invalids			
Special dietary & tuberculosis allowances			
Optional temporary & lump-sum benefits			
Allowances for the families of soldiers			
<i>In-kind Benefits Provided through Health Care and "Social" Care Budgets</i>			
Nurseries			progressive
Day nurseries	6 am to 5 pm or 10 pm		progressive
Weekly nurseries	weekdays		progressive
Services for the children of alcoholics	optional		
Assistance for the mentally handicapped			
"Rehabilitation" camps			
Infant homes & orphanages			
<i>Financial Aid Provided through Employer Social Welfare Funds</i>			
Aid to employees in difficult circumstances			
<i>Services of Nongovernmental Organizations</i>			
Services of the Society for Family Development Planning, the Polish Women's League, the National Child Committee, and so on			

Sources: Kostecki (1990), MONEE Database.

greater opportunities for equal access to schools and increased social mobility. These schemes, along with full employment, the high coverage rates of social insurance and the availability of free or nearly free in-kind services and comprehensive consumer subsidies considerably reduced the risks of marginalization among families with many children.

The situation was more dubious in a certain number of cases and from several specific points of view. The overall effect of the institutionalization of childcare on very young children (under 2 or 3 years of age) has been questioned even if the quality of the service is good. In Czechoslovakia morbidity rates were 60 percent higher among nursery school children than they were among children who had received home care (Himes, Landers and Leslie 1992). In Hungary children attending kindergarten after three years of care supplied at home by parents on parental leave demonstrated substantially more creativity and sociability and better intellectual performance than did children placed in institutional care at an early age (Vekerdy 1981). The impact of widely available and inexpensive public childcare services was limited because service expansion was often insufficient to meet the demand and offset the overcrowding and lack of individual attention in facilities (Sipos 1991, Himes, Landers and Leslie 1992, Kovařík 1994). Moreover, the rate of institutionalization of children, including those placed in orphanages, boarding facilities or disciplinary institutions, was several times greater in Central and Eastern Europe than it was in other industrialized regions. Some authors have attributed this to the larger number of boarding nurseries, or, more generally, the tendency of Communist regimes to solve social problems through specialized institutions (Dunovský 1990, GOR 1993). The relative generosity of cash benefits was meaningless in that the opportunity to spend the extra money was restricted because of chronic shortages and the necessity in many countries to queue for almost everything.

The provision by Communist regimes of care from "the cradle to the grave" fostered a passive behaviour among citizens that was one of the worst policy legacies. Thus, many parents seemed to think that their task was to have the children and the state would do the rest. This sort of behaviour grew out of the fact that Communist governments had become not only ideologically but also morally obliged to offer help to families with several children or to citizens in special circumstances, such as handicapped children and the children of alcoholics or negligent parents, since these regimes deliberately put limits on income and wealth, pressured women to seek employment and sometimes practically coerced couples into having more children, all while exercising a monopoly over philanthropic endeavours.

Inefficiency was characteristic of many of the systems created for the provision of social benefits, including family support (Rutkowski 1991). Indeed, a considerable amount of income assistance ended up going to higher income families. This was especially true of consumer and housing subsidies (for example, see Table 2, page 9). However, this allocative inefficiency did not lead to serious problems, since both vertical equity and horizontal

equity—the provision of an "equalized" living wage to families of varying sizes—were goals. Moreover, almost all income, including most wages, was allocated in one way or another by the state. Similarly, potential labour market effects did not count for much. Sipos (1994) concludes that the only benefit linked by the evidence with a reduction in the supply of labour is the parental leave allowance. Yet, even in this case the evidence may be questioned since the benefit certainly rendered female employment more appealing. The strict wage regulations needed because of the "soft" budget constraints on state enterprises left little room for the play of the labour market, and the aim of full rather than optimal employment was better served by the extra incentive for workers to seek jobs in the state-controlled sector and thereby become eligible for the protection offered by social security systems.

A more serious criticism is that, despite the large outlays, family support measures never achieved the goals for which they were designed. Thus, though kindergarten enrolment rates were high, they never reached 100 percent, and though wages were smoothed out somewhat by family allowances, a large share of child-related expenditures still had to be covered from earnings. Even in Hungary, where the family allowance was the most generous in the region, the benefit never offset more than an average 30 or 40 percent of child-related expenditures. Consequently, children remained overrepresented among the relatively poor, especially as social security benefits for the elderly became comprehensive.

Szalai (1989) has pointed out that in Hungary, while the typical poor person in the 1960s was a rural inhabitant, relatively old and living alone or with a spouse on a pension or on welfare, the typical poor person in the 1980s was a city dweller, relatively young and bringing up children. The situation was presumably very similar in Czechoslovakia. For Poland, Atkinson and Micklewright (1992) also conclude that family size, and therefore the presence of more children, had a strong impact on poverty levels. For the USSR, because of the high level of income equality, number of children was the most important factor in family per-capita income, though the available data cannot be used to measure the impact of family size in any precise way (Riazantsev, Sipos and Labetsky 1992). However, in the USSR, as well as in Southeastern Europe, pensioners and other economically inactive people remained the main group among the poor, though demographic composition was a decisive factor in determining relative poverty among economically active households.

Family support was also designed to raise fertility rates. Indeed, in some countries this was a top priority which had repercussions on many other policies as well. Nonetheless, it is widely believed that the goal was achieved only over the short run (Sipos 1994). Over

the longer run, employment and education assistance, as well as the flat distribution in income, may even have had a negative effect on fertility patterns. On the other hand, because the anticipation of assistance has become built into family decisionmaking, the removal of such assistance could exert downward pressure on fertility trends.

III. CHANGES IN FAMILY SUPPORT POLICIES

With the transition to a market economy, the chief merit of family support systems—their comprehensiveness—has become their most notable shortcoming. Such costly and extensive public programmes must generate returns in terms of labour, health and education, even if the exact size of the returns may be difficult to assess. While the once important economic advantages of family support, such as its tendency to foster high female employment rates and low income inequalities, are seen as being of little relevance now, so, too, the special focus on children has steadily been abandoned. The advantages of family support are hardly discussed, as attention has become fixed on theoretical arguments or economic and fiscal concerns. Reflecting this situation, public expenditures on family support since 1989 have been cut by more than the amount warranted by the drop in GDP. Though this is true throughout the region, countries have reacted in ways which reveal different approaches.

In those countries in which family support was based on an extreme pronatalist approach, child-related assistance has clearly been forsaken over the last few years. This is the case in Southeastern Europe, particularly in Romania, where neoliberal views now dominate public expenditure policies.

In the countries of Central Europe, where family support has been a key element of welfare and redistribution policies, post-Communist governments have cut back on the inherited child-related welfare achievements only modestly, despite the strong neoliberal views prevalent in these countries. Even the initially conservative Government in Hungary introduced new "familist"-oriented measures. Likewise, in Poland a rather conservative social policy was applied alongside a neoliberal economic policy. However, more recently, signs of a switch from family support toward "social", or antipoverty, assistance are becoming evident in Central Europe.

Finally, because children are being severely affected by economic reforms, some changes in policy have been engineered in the countries of the former USSR. This reflects the

fact that past policies were less "monetized" and that price subsidies and in-kind benefits were the main traditional methods for carrying out transfers there. However, these changes have largely been undermined by hyperinflation and the lack of strong government initiative.

Public Expenditures on Family Support

1. **Shifts in price subsidies.** Rapid price liberalization and the removal of price subsidies—generally among the first steps taken in the economic reforms—have meant that one of the key channels for the provision of income support to families with children has been abolished. The price subsidies on goods destined for or used by children, such as milk, baby food, children's clothing and shoes, children's books, and nappies or diapers, have usually not been exempt from the drastic cuts. On the contrary, since the highest subsidies tended to be those on goods consumed by children, the first shocks of inflation often hit households with children the hardest.

Some of the subsidies which have survived the cuts have been altered so that they no longer target children, or are offered merely as interim solutions for the most pressing problems. For example, while bread is still subsidized in Russia or Ukraine, baby food must be bought at market prices. Though the available data are very sketchy, it seems that mainly the subsidies on food, energy, housing and medicine have been more or less retained.

Bulgaria implemented large subsidy cuts in 1991. Consumer subsidies which had represented around 4 percent of GDP in 1990—presumably already below the level of 1989—were slashed to about 0.1 percent of GDP in 1991. Further trimming in 1992 meant that only marginal subsidies, accounting for 0.01 percent of GDP, remained on some special foods and medicines. In 1993 there was a very slight increase, and food subsidies reached 0.03 percent of GDP.

In Slovakia in 1990 consumer subsidies represented 4 percent of GDP, and housing subsidies 2.1 percent. Because of systematic pruning, only the subsidies on transportation (0.8 percent of GDP) and housing (0.4 percent) remained in 1992. However, there was a recovery in consumer subsidies to 2.4 percent of GDP in 1993, as some food (0.5 percent) and energy (0.8 percent) subsidies were reinstalled.

The denationalization or decentralization of the ownership of the housing stock to private individuals or municipalities meant that housing subsidies fell in those countries where they had been provided mainly as rent subsidies.

In Hungary most consumer subsidies which were somehow linked to children, such as those on clothing, footwear, furniture, books and toys, were eliminated as early as 1988 with the introduction of a VAT-type tax system. The scope of food and energy subsidies shrank gradually, and finally these were eliminated in 1991 and 1992. Moreover, since 1993 the value-added tax has been applied to food as well. Some transport subsidies have been maintained, as have child-related housing investment bonuses. Some huge interest rate subsidies on low-rate mortgages have been carried over as public capital losses by offering significant discounts if debts are paid back in cash.

In Romania consumer subsidies amounted to 4.6 percent of GDP in 1991. Price liberalization had been undertaken in October 1990, but especially during the first year of liberalization the Government tried to use consumer subsidies as a buffer between consumer prices and the more realistic producer prices. The subsidies on food represented 1 percent of GDP, energy 0.5 percent, public transport 0.4 percent, children's goods 0.1 percent, medicine 2.2 percent, and "other" consumer subsidies 0.5 percent. In 1992, despite an eightfold increase in consumer prices, subsidies rose to 5 percent of GDP. However, the subsidies on goods used exclusively by children fell to 0.03 percent of GDP.

Though no reliable data on subsidies are available for the countries of the former USSR and though many basic goods are still being subsidized, the situation is presumably rather similar to that in Romania. Despite cuts, many subsidies have remained in force to keep prices down, since even the prices of basic goods have escaped efficient market controls.

All of this suggests that families with children have been the main victims of subsidy cuts. With very few exceptions only those types of subsidies have remained which are less favourable to families with children, or, more generally, large families with young members.

2. **Changes in expenditures on cash transfers and in-kind services.** Real expenditures on public cash transfers and in-kind services in health care and education have fallen mainly because inflation has been allowed to erode the real value of benefits. Though efforts have been made in some countries to offset the initial shocks of inflation—shocks which were also fuelled by subsidy cuts, further drops in GDP and shrinkage in tax revenues have led to the gradual discontinuation of such efforts. Other things being equal, to offset fully the impact of subsidy cuts on children would have entailed an estimated average rise of 50 to 100 percent in cash transfers. Instead, public expenditures on the benefits tied to children, such as family, maternity and parental allowances, declined from 2.6 to 2.4 percent of GDP in Bulgaria, 3.9 to 3.1 percent in Slovakia and a similar amount in the Czech Republic, and from

2.8 to 1.1 percent in Romania between 1989 and 1992 or 1993. The estimates available on the expenditures in Russia and Ukraine are so unreliable and slight, hovering around 0.5 percent of GDP, that it is impossible to judge even the direction of the change.

These expenditure drops occurred in a climate of shrinking domestic production between 1989 and 1993 (Table 5). The shrinkage reached as much as 15 to 35 percent. Consequently, the fall in the value of these public expenditures was even larger, as much as 50 to 70 percent in real terms. Even in Hungary, where the ratio of family support expenditures to GDP increased from 4.0 to 4.7 percent, the fiscal resources spent to support child-rearing and childcare declined by 5 percent in real terms. A plunge of this magnitude within such a short period was without precedent.

Relative to total public expenditures and other public "social" transfers, family support

Table 5: CHANGES IN GDP AND SELECTED PUBLIC EXPENDITURES
(1989-93)

		GDP	All Public Expenditures	Pensions	Family Benefits	Aid ^{a/}	Health Care	Education
<i>Changes in GDP Shares and in Real Values, 1989-93^{b/}</i>								
Albania	GDP share (%-points)	--	-12.2	0.2	-0.4	6.1	0.9	0.8
	Real value (%)	-36.0	-50.7	-33.7	-70.0	x40	-14.0	-20.5
Bulgaria	GDP share (%-points)	--	12.0	0.8	-1.0	0.9	1.5	0.5
	Real value (%)	-30.4	-44.6	-24.0	-56.2	500.0	2.0	-22.6
Czech Republic ^{c/}	GDP share (%-points)	--	-5.9	-0.1	0.3	0.1	4.6	0.7
	Real value (%)	-21.6	-30.0	-21.8	-13.7	50.0	53.0	-8.2
Hungary ^{d/}	GDP share (%-points)	--	2.1	2.5	0.7	2.4 ^{d/}	1.2	0.9
	Real value (%)	-20.7	-16.3	2.8	-4.9	x20	5.7	-4.3
Poland ^{e/}	GDP share (%-points)	--	--	8.2	0.1	2.2	2.1	1.4
	Real value (%)	-13.8	--	30.5 ^{e/}	-14.0	x18	41.0	15.2
Romania	GDP share (%-points)	--	-1.2	0.7	-1.7	0.3 ^{f/}	0.4	1.4
	Real value (%)	-32.3	-34.8	-24.8	-73.7	200.0 ^{f/}	-21.8	8.6
Russia ^{g/}	GDP share (%-points)	--	--	--	--	0.2	-0.2	-1.3
	Real value (%)	-38.5	--	--	--	180.0	-35.5	-49.4
Slovakia	GDP share (%-points)	--	-0.3	1.8	-0.8	1.2	-0.3	-0.3
	Real value (%)	-26.1	-26.6	-9.0	-48.8	250.0	-30.8	-30.2
Ukraine	GDP share (%-points)	--	--	2.7	0.9	--	0.7	1.0
	Real value (%)	-39.6	--	--	--	--	-21.1	-23.1
<i>Share of Expenditure in GDP, 1989 (%)</i>								
Nine-country average		--	53.9 ^{h/}	7.0 ^{h/}	2.7 ^{h/}	0.2 ^{i/}	3.4	4.1

Sources: UNECE (1994), MONEE Database.

^{a/} Includes expenditures on unemployment compensation and social assistance. The increase is sometimes shown by a multiplier ("x"); thus, "x40" means that expenditures rose by a factor of 40. The jump in expenditures under this item is explained by the fact that the expenditures in 1989 were often close to zero. ^{b/} Real value data have been produced by using the GDP deflator, which may lead to results which are very different from those achieved using another deflator, such as the CPI. ^{c/} Data refer to 1989-92, except for GDP, which refers to 1989-93. ^{d/} Preliminary estimates for 1989-92. ^{e/} Estimates achieved by deflating pension payments by the CPI. ^{f/} Estimates for 1989-91. ^{g/} Six-country average. ^{h/} Eight-country average. ^{i/} Three-country average.

expenditures also fell proportionately more. For example, the share of pension expenditures in GDP climbed in all countries but Albania and the Czech Republic, where they sank in real terms more or less in parallel with GDP. Health care expenditures rose in real terms in many countries, though this may have been due to soaring prices for drugs and equipment that are difficult to measure properly. Meanwhile, in Russia and Ukraine these expenditures declined less than did GDP. The expenditures in education fared much worse than did those in health care. In many countries these expenditures were second only to cash transfers for family support among the expenditure items decreasing the most. A notable exception was Romania, where education expenditures were apparently exempt from cuts. Finally, unemployment compensation and social assistance were understandably the most dynamic components of public social expenditures. The measures in these areas are still being established or adjusted, and their share in GDP has grown almost from zero. Still, perhaps due to their "experimental" status, the efficiency of these measures in reducing poverty is questionable, and they are not necessarily targeted any better than is family support.

The Providers of Family Support

Childcare, employment support for parents and family income assistance are now being provided in Central and Eastern Europe not only by central governments, but also by local governments, employers, profit-making enterprises, nongovernmental organizations and families themselves. While in the more traditional societies of developing countries, as well as in some ultraliberal postindustrial nations, the responsibility for these and similar benefits and services is strongly concentrated at the right end of the above list, the more balanced distribution in other countries reflects the view that the care and education of children are a duty of society as a whole.

Under Communist regimes the role of the state was overemphasized, and the state interfered far too much in the lives of families and the education of children. Understandably, that tendency is now being reversed. This reversal is sometimes very direct: the government merely stops being a provider, and the burden on families is almost automatically increased. Many in Central and Eastern Europe support this "privatization" of childcare. Still, the significance of the change in the providers of family support lies more in the redistribution of responsibilities and powers from central to local governments or decentralized units, the potential role of NGOs and the way employers and the market react to the new conditions.

1. **Noncash support to families.** Subsidies for tradable goods are usually either provided by the central government or are not provided at all. The room for other "agents" is limited. For certain goods, such as bread or fresh milk, in certain specific cases, such as in remote, one-factory towns in Russia, employers or local governments may be more inclined to apply specific subsidies, perhaps more to avoid public unrest than to furnish assistance to families.

The same is probably generally true for medicines and medical equipment. The transfer of the responsibility for subsidies for medicines from the state to the social security system, which still tends to be an organ of the central government, is essentially a technical matter, at least over the short run. Nonetheless, such transfers have been employed as an excuse to trim benefits in several countries. The institution of democratic controls over social security systems—for example, the replacement of government officials by elected ones—may offer an opportunity for the adoption of policies which are relatively free from government interference. However, there may also be disadvantages, since a division of responsibilities could favour abuses.

An indirect method for shifting subsidies from the public to the private sector would be for the government to fix the maximum price at which certain basic goods or other specific products can be marketed. If necessary, producers or shopowners could then recover the cost of these "subsidies" by charging more for other products. Experience has shown that such cross-subsidization works well only for products which are common and for which the market is highly competitive. Otherwise, demand would tend to wane, and the fix-priced products could disappear from shops. Local governments could employ such a method to ensure that subsidies are available for the benefit of children. However, there is little evidence that selective, limited measures along these lines are being employed. On the other hand, the tendency is reappearing among governments to set prices broadly, as in Ukraine very recently, or to retain some elements of the old subsidy systems.

There is more latitude for local subsidies for services, since services cannot usually be readily stored or moved from one place to another. Thus, it would be relatively straightforward to provide local subsidies for services supplied locally.

In transportation, while the state tends to assure some subsidies because of public welfare considerations, the elderly or families with many children typically benefit from support offered by local authorities or directly by transport companies through special fares. Because of the cuts in central government budgets, such local support is growing in importance. Data exist to suggest that municipalities are continuing to maintain special fares

for students and, in some areas, may even be assuring that transportation is furnished free of charge to the elderly. Meanwhile, on long-distance routes state-run transportation companies are tending to become less "generous" to families with children.

The responsibility for rent subsidies has been shifted to municipalities in most countries. Because rent increases are extremely unpopular, local governments, which are composed of officials who wish to be reelected, have tended to eliminate rent subsidies indirectly by "privatizing" the housing stock. This usually means that local governments sell off apartments to current tenants at highly discounted rates. This practice, which is being followed from Budapest to Moscow and from Prague to Bucharest, has potential disadvantages. Many of the new owners may not be able to keep up their freshly acquired property, already in bad condition in most cases. Entire neighbourhoods could go into rapid decline, with all the additional problems that this implies in terms of crime rates and rising populations of street children, who until now have been rare in Eastern Europe.

While support for education and especially health care appeared to fare much better than did cash assistance for families (see Table 5, page 23), no disaggregated data are available that show precisely how much was spent on maternity benefits, childcare and other child-related support programmes, such as subsidies for school meals or schoolbooks, within overall health care and education expenditures. Measuring the shifts in childcare has been complicated by the fact that the providers have been changing.

The role of central governments in the provision of basic education services has not altered drastically. However, the definition of free basic education has become narrower. This may boost the need for more family support. Fees have been introduced in primary schools for courses no longer deemed mandatory, such as extra language courses or gymnastics classes, and subsidies for books and other school supplies have been abolished in some cases. For instance, in Bulgaria schoolbooks stopped being furnished free in 1992. Schoolbooks are often still subsidized, but sometimes this is achieved in more cost-efficient ways. Thus, in Poland schools receive book subsidies on a per-pupil basis, and the books may be distributed through school libraries. In Hungary the fees paid by parents at the beginning of the school year have been raised appreciably and now reach 9,300 to 10,600 forint (Népszabadság 1994), which is about equal to the minimum monthly wage or one-half of the average monthly wage. Moreover, parents are urged to support schools through voluntary contributions to the local foundations which cover numerous school-related costs, excluding the wage costs for the provision of basic subjects and the maintenance of basic facilities.

Noncash family assistance has changed most noticeably in the area of public childcare furnished in nurseries and kindergartens. More generally, the economic transition has affected children in preschools and students who have already completed compulsory education. The responsibility for the care of preschool-age children has been shifted from the government to parents in some countries. For example, in Russia, though the 1992 Law on Education stresses that the state is responsible for financial and material support for preschool education, it also emphasizes that the preschool system should be considered complementary to an upbringing within the family. The changes in the providers of institutional childcare have also been significant. Employers are offering less and less support for childcare, while private profit-making services are appearing. Even in public and semi-public facilities, more of the costs for supplying the services are being transferred to families.

In Hungary and the countries of the former USSR the administrative responsibility for childcare was transferred to municipalities some time ago. In the Czech Republic the transfer occurred in 1991. In these countries the central government provides block grants to municipalities to finance nurseries and kindergartens. In Poland, following the enactment of the 1991 Law on Education, the Government began to hand over to municipalities not only administrative tasks, but also the financing and maintenance of nurseries, kindergartens and primary and secondary schools. The central governments in other countries, such as Bulgaria, Romania and Slovakia, have retained responsibility for public childcare services.

Municipalities tend to be less able than is the central government to bear the costs of childcare institutions. In both Poland and Russia, where municipalities had to take over the financial responsibility for childcare from the central government, the burden on users grew or remained constant in terms of the share of costs (Table 6), though in absolute terms this burden actually rose, since costs skyrocketed as various subsidies were abandoned. On the other hand, in Romania, where the central Government retained responsibility for public childcare, the share of costs borne by users fell after an initial increase.

In an attempt to keep parents from having to cover the mounting costs of childcare, a special regulation was introduced in Russia in April 1992 that limited the share paid by users to no more than 20 percent of the total, regardless of whether the facility is owned by a municipality, an enterprise, or the state. Parents of three or more children now have to pay only 10 percent of the costs, and the parents of handicapped children pay nothing at all.

Childcare furnished by enterprises has become much less common in the region. (In Russia this was a major cause of the surge in the share of the costs users had to pay.) Thus,

Table 6: THE SHARE OF THE COSTS OF CHILDCARE BORNE BY PROVIDERS AND USERS
(In Percentages, 1989-93)

		1989	1990	1991	1992	1993
<i>Public Nurseries</i>						
Poland	state	80.0	80.0	--	--	--
	municipalities	--	--	60.0	60.0	--
	users	20.0	20.0	40.0	40.0	--
Romania	state	10.7	6.5	13.4	11.7	--
	municipalities	--	--	--	--	--
	users	89.3	93.5	86.6	88.3	--
<i>Public Kindergartens</i>						
Poland	state	46.0	46.0	0.7	0.7	--
	municipalities	--	--	45.3	45.3	--
	users	54.0	54.0	54.0	54.0	--
Romania	state	31.3	18.0	41.4	49.5	--
	municipalities	--	--	--	--	--
	users	68.7	82.0	58.6	50.5	--
<i>Public and Employer-run Nurseries and Kindergartens</i>						
Russia	state	6.0	5.0	2.0	1.0	1.0
	municipalities	68.0	68.0	65.0	71.0	73.0
	employers	18.0	17.0	15.0	10.0	8.0
	users	8.0	10.0	18.0	18.0	18.0

Source: MONEE Database.

while 773 kindergartens were being run by enterprises in Slovakia in 1989, by 1992 only 196 remained, and in Hungary only 1 percent of children in the relevant age groups are now attending kindergartens run by enterprises. This trend has been fuelled by the financial problems facing most firms and the privatization of most of the state sector, all of which has encouraged firms to downsize and seek more profits. The repeal of regulations requiring enterprises to provide childcare and a relaxation in public expectations have also been factors. Finally, because of the rise in unemployment and the consequent swell in the supply of labour, enterprises no longer feel obliged to offer childcare in order to attract workers.

This situation has also been an important cause of the policy evident in most countries of transferring the management of childcare to municipalities. In Poland a Governmental decree establishing childcare programmes in 1992 was designed to push municipalities to

play a larger role. Municipalities could also establish subsidies of up to 50 percent of the expenditure per child to support nonpublic kindergartens.

Official attitudes toward private childcare changed with the political climate. Grassroots initiatives had resulted in the creation of private kindergartens even before the relevant laws were modified. In Hungary 48 such kindergartens were providing care for 0.6 percent of all 3-to-6-year-olds in 1992. In Bulgaria ten private kindergartens were in operation in 1991, one year before they became legal. By 1993 the number had increased to 56, though the fees were about 13 times higher than those for public kindergartens. Following the passage of the 1992 Law on Education in Russia, several existing kindergartens were privatized or turned into cooperative enterprises. Despite these various initiatives, because only a few could afford the higher fees, private kindergartens remained relatively rare.

2. The providers of family allowances and maternity and other child-related leaves.

The provider of family allowances, the main type of cash transfers for families with children, has traditionally been the social security system. If the transfers are replaced by universal benefits, then this system can no longer act as the provider, since it is typically internally financed and serves only selected portions of a population, such as the unemployed. In this case, the government budget should probably be tapped to provide the benefits. Though this shift in providers may seem merely technical, it may be crucial in reaching marginalized individuals desperately needing assistance.

Because they are used only by employees, maternity leaves and sick child leaves are normally viewed as benefits to be offered through the social security system. Now that social security funds are being de-linked from state budgets in many countries, such work leaves are being managed within a less specific framework in which they compete with other, more general social transfers. This means, for example, that providers might be changed merely as a way of reducing the number of sick leaves, including sick child leaves.

Until now only Hungary has shifted its policy in this direction. In 1991 the number of paid sick days to which employees are entitled was increased from three to ten. The shift was focused on the "third agent" problem: if most of the burden for leaves falls on the state (the "third agent"), the employer, who is in a better position to judge the validity of a claim, will be less likely to filter out false or unreasonable claims.

"Birth grants"—one-time cash benefits paid out to working mothers after the delivery of a child—are still being administered through social security systems everywhere in the

region. This is inefficient if the grants are provided to encourage all pregnant women to consult regularly with gynaecologists, rather than to encourage working women to have babies or to compensate them for lost wages.

The Coverage and Provision of Family Support

The changes in the actual providers of benefits have had little direct effect on the size of overall public expenditures, since most providers are still part of the same government administration, and the role of the private sector and nongovernmental organizations has remained limited. The changes in the coverage and size of benefits have been far more important and in many cases have accounted for much of the drop in public expenditures on family support. Nonetheless, indirect effects, such as steady declines in fertility rates and female employment rates, have also been factors in the diminished demand for assistance.

1. During the first few years of the transition **changes in family allowances** were engineered primarily by the simple expedient of abandoning any adjustment for inflation, rather than by explicit or targeted actions. Though coverage remains fairly comprehensive, needy families are receiving much less support now than they used to not only because benefits have been cut, but also because many of these families are no longer eligible for them. Efforts to enlarge or to restrict formal entitlement to cash allowances have been evident in the region. The desire to enhance the coverage of the needy while generating savings has gained ground only very recently.

In most countries the key to entitlement for the family allowance is still access to social insurance. Only Hungary and Romania are obvious exceptions. In the countries of the former USSR the situation is less clear: some types of child allowance are still available through social insurance; others are subject to means-testing.

In Hungary in 1990 the family allowance, which was already widely available, became fully universal as the restrictions for families with one child were removed. Since then several proposals to limit coverage or employ more targeting have been put forward, but no major changes have yet been introduced. However, beginning in 1994 a lump-sum portion of the inflation adjustment benefit accruing to each family can be made available, upon request, at the start of the school year. Surprisingly, almost all eligible families made the necessary request (Népszabadság 1994).

In Romania in November 1993 child-related entitlements which had once been linked to the employment of parents became linked to the enrolment of the child in the compulsory school system. This change was undertaken in response to falling primary school enrolment rates. However, the per-child value of the benefit has shrunk tremendously.

Similar developments have occurred in Russia and Ukraine, where only specific types of families with children, such as those with young children, those headed by mothers and those with many children, used to be entitled to cash benefits. Eligibility was already being expanded in late Soviet times, when an allowance for 6-to-16-year-olds was introduced to offset the negative effects of price liberalizations in April 1991 (Barr 1992). This allowance was paid out of local (*raiyon*) budgets at the rate of 25 percent of the minimum wage. The benefit for under-6-year-olds was not conditional on family income and provided 45 percent of the minimum wage. A 60-percent rate was applied for children under 1½ years of age if the mother had been working for at least one year prior to the birth of the child. The benefit for the children of single mothers was available for children up to 16 or 18 years of age if the child was in school; this benefit was set at 45 percent of the minimum wage for under-6-year-olds and 60 percent for children above that age. Laws which exclude the families of single fathers from this benefit are still in force. Because of further price increases, all low-income families may receive from local budgets a quarterly child-benefit which reaches 30 to 40 percent of the minimum wage depending on the age of the child.

However, in most countries eligibility for family allowances is still linked to social security contributions or employment. This reflects the thinking of former times, when allowances were designed to enhance the appeal of full-time employment in the public sector, even though the full-employment guarantee rendered the distinction between universal and work-related entitlements rather meaningless. As the number grows of those who are self-employed, employed in the nonformal sector, or unemployed, the distinction may become more critical and lead to the exclusion of some families with children that require the extra income support. Even now, eligibility requirements that tie benefits to the insurance payments or employment of parents are affecting coverage rates, as many people are no longer protected by social security systems. In several countries those people who are making the transition from unemployment to social assistance are being excluded from family allowances. Moreover, declining secondary school enrolment rates mean that some children are losing their eligibility for allowances.

In Romania from 1990 until 1994 parents who were working in the private sector, self-

employed, or unemployed and not registered with public labour offices were ineligible to receive the family allowance. In Poland the registered unemployed temporarily lost their eligibility in 1992. Since 1993 they become ineligible for the family allowance as soon as their eligibility for unemployment benefits expires; at this time they can begin to receive social assistance, which, however, is provided through limited local budgets. In other countries self-employed parents receive benefits only if they pay for insurance, which many—especially those who are less well-off—do not do even though the insurance may be compulsory. Registration with labour offices is crucial for the unemployed; failure to register usually results in the loss of eligibility for the family allowance.

Despite the fact that the myth of full coverage is still current in most countries, data gleaned from administrative records suggest that coverage in absolute terms—that is, the ratio of the population covered to the total child population or, in the case of maternity benefits, the total population of mothers—has shrunk and that even take-up rates may have fallen among eligible families. Table 7 offers figures on coverage rates among children by family allowance schemes. The number of beneficiaries is shown as a percentage of the total number of 0-to-18-year-olds, even though in most countries the schemes cover students above 18, but not 16-to-18-year-olds who are not students.

Table 7: THE COVERAGE OF 0-TO-18-YEAR-OLDS BY THE FAMILY ALLOWANCE^{a/}
(In Percentages, 1989-93)

	1989	1990	1991	1992	1993
Czech Republic	99.5	99.4	97.1	92.1	-- ^{b/}
Hungary	84.3	91.1	93.1	93.7	93.1
Romania ^{c/}	63.8	71.0	66.3	65.0	--
Russia	--	--	--	28.8 ^{d/}	26.3 ^{d/}
Slovakia	92.4	92.0	89.5	89.0 ^{e/}	-- ^{f/}
Ukraine	--	--	--	55.0 ^{e/}	--

Source: MONEE Database.

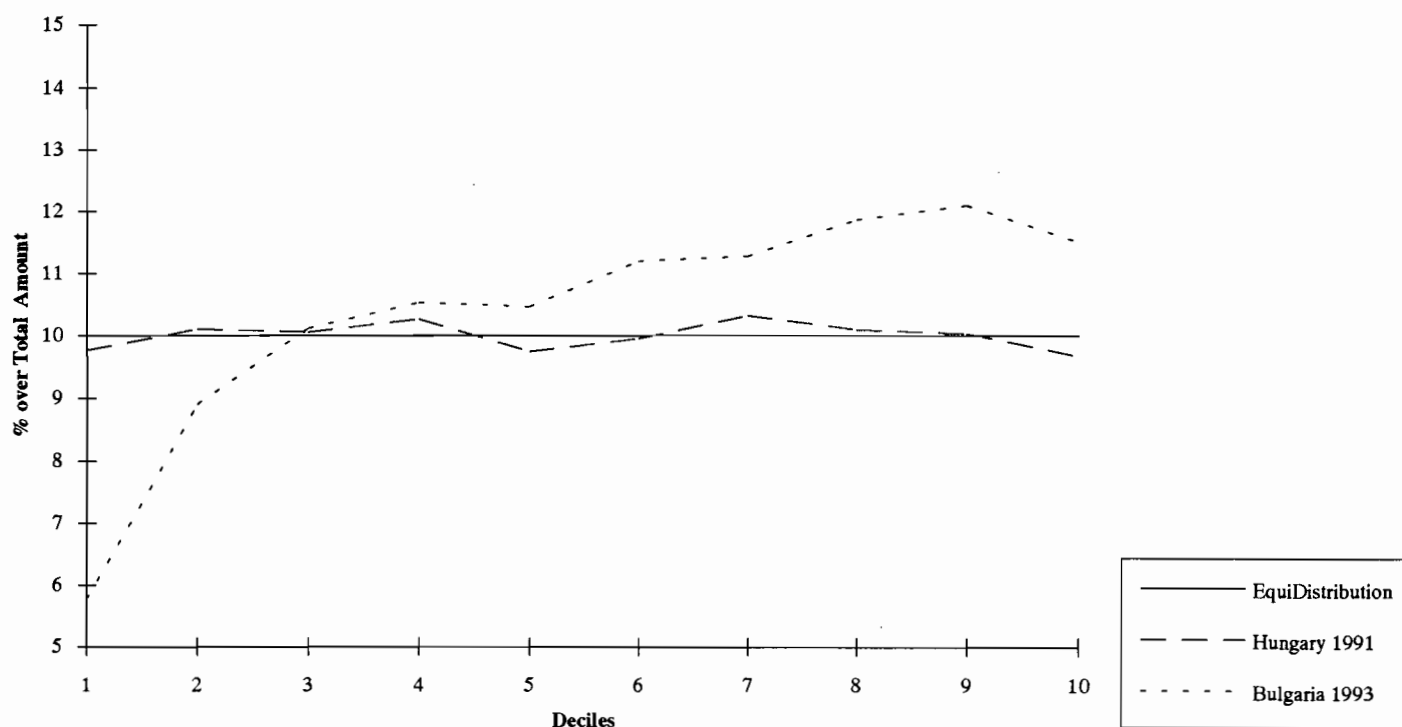
^{a/} Recipient children as a percentage of all 0-to-18-year-olds irrespective of the actual eligibility criteria existing in countries. ^{b/} Since mid-1993 state compensation benefits (fixed-sum compensation replacing certain price subsidies) have been means-tested in the Czech Republic, where an estimated 20 percent of all dependent children are excluded. ^{c/} Recipient children as a percentage of all 0-to-16-year-olds. ^{d/} Includes 1½-to-6-year-olds benefiting from allowances and the children of single mothers. For each year the figures refer to the situation as of April. ^{e/} Estimated. ^{f/} Both the state compensation benefit and the allowance have been means-tested since 1993.

During the period shown in the table coverage declined in those countries which did not change the formal eligibility requirements inherited from the Communists. In Hungary after 1989 coverage increased temporarily when eligibility became universal. In Romania in 1994 a shift toward a more comprehensive system may begin to reverse the dominant trend.

While information on allowance coverage among eligible families is not available from specialized surveys, microdata from household budget surveys permit some cautious and qualified estimates of the income effects on children of the rising gaps in coverage.

Figure 1 offers a comparison among income deciles of the incidence of the family allowance in Hungary in 1991 and Bulgaria in 1993. In Hungary, where the allowance was universal, the incidence of per-child benefit values was flat. In Bulgaria, where the allowance was supplied through social insurance, the per-child benefit rose with the income of the parents. This reflects the fact that in Bulgaria low-income families tended to be excluded from the social insurance system, while higher income families tended to be included. Indeed, among those who were not insured, only single mothers could apply for the allowance.

Figure 1: THE INCIDENCE OF THE FAMILY ALLOWANCE IN HUNGARY AND BULGARIA (1991 And 1993)

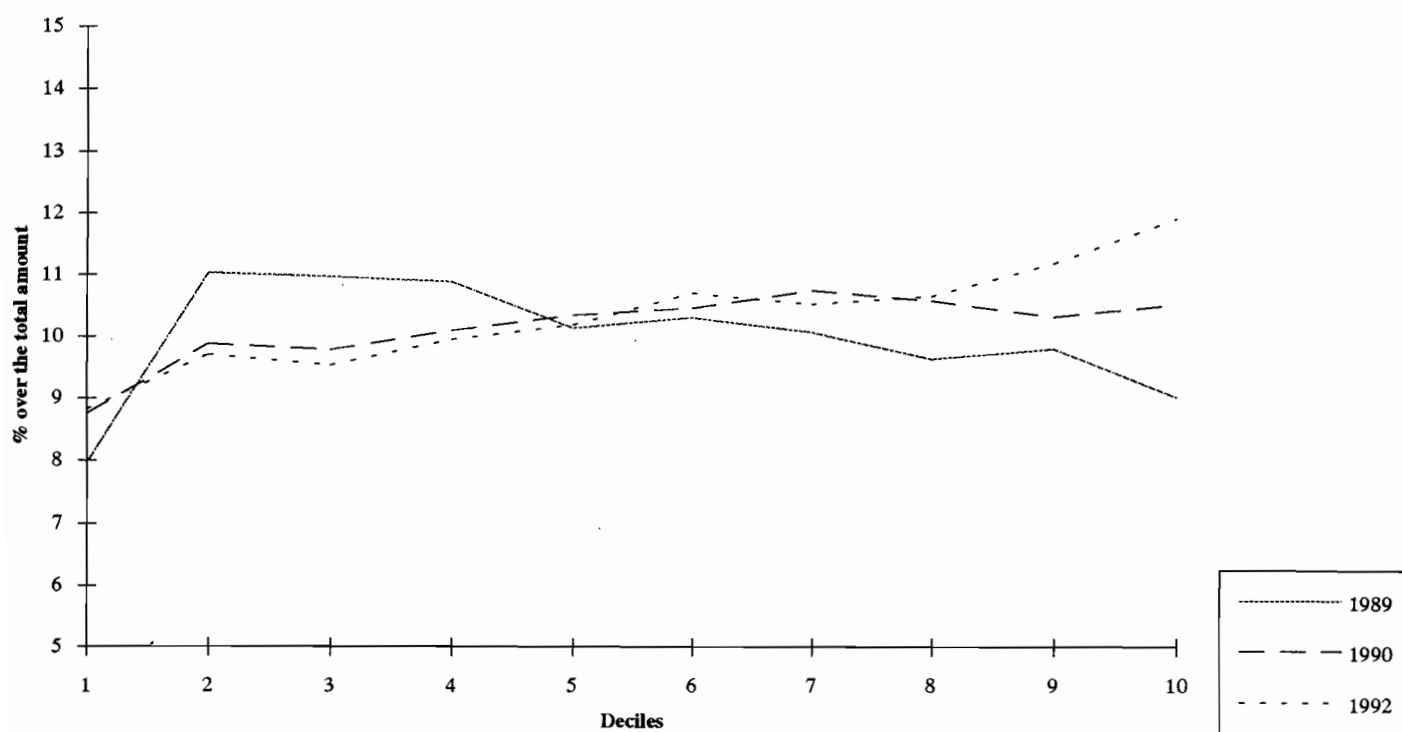


Source: MONEE Database.

Figure 1 has been created in such a way that, if families in the various income deciles receive the same allowance at the same incidence, then the line is flat at the 10-percent mark. If the line slopes up with income, then either the per-child benefit, or the coverage is rising with income. Similarly, if the line slopes down with income, then either the per-child benefit, or the coverage drops as income rises. Thus, like the take-up rate and the coverage rate, per-beneficiary value can also influence the outcome in Figure 1. In both countries the benefits were differentiated only slightly on the basis of "birth order", the order of birth of a child among all children in the family. Therefore, this had no appreciable effect on incidence.

Figure 2 shows the situation in Poland. In this case, because no data were available on the number of students above 15 years of age (who are also eligible), the curve is biased somewhat toward the upper income deciles, where the students who received the allowance but who are not represented in Figure 2 tended to belong. However, this bias only partially explains the fact that the per-child benefit appears to rise with family income. Other important reasons are the changes in the benefit regime and the increasing gap between the number of children covered and the size of the overall child population.

Figure 2: THE PER-CHILD INCIDENCE OF THE FAMILY ALLOWANCE IN POLAND
(1989, 1990 And 1992)



Source: MONEE Database.

Figure 2 well illustrates the effect of the changes in the benefit regime. For most of 1989 eligibility was still tested by earnings, and benefits increased with family size. The actual per-child allowance fell at higher household incomes (though the bias in Figure 2 results in a line which is relatively more flat). For the very next year, when the new regime offering a fixed-rate allowance for all children was already in force, but when unemployment was still rather low, the slope of the line in Figure 2 is quite different. This reflects the fact that the new regime lessened the overall benefits going to low-income deciles and boosted those going to higher income deciles. Then by 1992, as in Bulgaria, the children not covered by the insurance system tended to belong to low-income groups, and the higher income groups tended to receive more benefits because they had more access.

Despite their tentative nature, these conclusions clearly show that insurance-based family allowance schemes are not performing well as income "equalizers" under the current conditions in Central and Eastern Europe. Flat-rate or nearly flat-rate schemes also seem to be discouraging improvements in targeting, since the larger households with less per-capita income tend to be found among the low-income population groups.

In theory, because price subsidies are universal, eliminating them should produce savings, a portion of which could then be used to provide larger cash benefits or enhance the coverage of family allowance schemes. The replacement of indirect subsidies with cash benefits has been attempted in some countries, such as Bulgaria, the Czech Republic, Hungary and Slovakia, where the family allowance was almost as universally accessible as price subsidies had been. In other countries, such as Romania and the countries of the former USSR, where cash benefits had played only a minor role, similar government savings were not translated into higher family allowances, but rather into some expansion in the size of the eligible population. However, no country implemented a scheme which completely replaced child-related noncash compensation with cash support for children.

Consequently, per-child benefits tended to plunge throughout the region. The real value of per-child benefits fell in all countries, except briefly in Poland. Cash supplements for benefits reduced the effect of the decline, but these could not completely offset the subsidy cuts or the subsequent price increases. The compensation schemes which were instituted as subsidies were cut and prices rose were kept separate from the family allowance in most countries. This reflected a view that this form of support should be only temporary and that compensation for price increases could be more easily discontinued than could the allowance. In some high-inflation countries, such as Bulgaria, Russia and Ukraine, the price

compensations surpassed the family allowance in importance. In Poland, after considerable cuts in 1988 and a reform of the system in 1989, the real value of benefits grew between 1989 and 1991, but then fell after that. In Albania, where no family allowance system existed before the transition, in August 1992 the Government implemented a monthly benefit of 280 lekë for every adult and an allowance of 200 lekë for every child to compensate for consumer price increases (GOA and UNICEF 1993). In June 1993 a bread allowance of 214 lekë was also introduced. The total 414 lekë allowance now represents about 20 percent of the unemployment compensation and around 10 percent of the average urban wage.

Restrictions on compensations for inflation may reflect certain fiscal considerations and the need to stabilize budgets. On the other hand, the way the compensations are administered may reveal more about the priorities behind wage and social policies. If the compensations are attached to wages, then the goal may be to raise the incentive power of wages (according to the theory that wage distribution was distorted under socialism), rather than to improve the economic well-being of families with children, or perhaps of individuals not earning a wage, or wage-earners outside the state sector. The provision of wage compensations and of family or child benefits would be a more balanced but costly method. Finally, a focus only on family and child benefits may mean that subsidies for goods destined for children are favoured but that these are now offered in a manner which conforms more with the market approach.

In general, family allowance benefits have declined relative to average wages. Nowhere have allowances been fixed according to price indexes or average wages, though this might have provided more protection against inflation over the longer term. During the first years of the transition, the ratio between the family allowance and the average wage rose in countries where significant reforms were introduced and where the value of the allowance had been low (Table 8). In the ensuing years the value of allowances has tended to drop relative to wages.

In Bulgaria, where the allowance has not been altered, three-digit inflation has led to the loss of practically all the real value and importance of the benefit, and per-child price compensations have become de facto family allowances. However, the provision of these compensations is less straightforward, and their overall value has been declining rapidly relative to real wages, which have also been plummeting.

In the Czech Republic and Slovakia flat-rate compensations attached to both wages and allowances provided full protection against inflation in 1990, and the ratio between the

Table 8: THE FAMILY ALLOWANCE BENEFIT AND RELATED PRICE COMPENSATIONS^{a/}
(In Percentages, 1989-93)

	Benefit	1989	1990	1991	1992	1993
Bulgaria	in real terms	100.0	80.8	18.4	10.3	6.0 ^{b/}
	w/compensations	100.0	80.8	68.3	61.6	44.0 ^{b/}
	% average wage	12.8	9.8	3.7	1.8	1.0 ^{b/}
	w/compensations	--	--	13.8	10.7	9.0
Czech Republic ^{c/}	in real terms	100.0	91.0	58.1	52.3	--
	w/compensations	100.0	110.6	92.6	87.7	--
	% average wage	10.4	9.8	8.3	7.0	--
	w/compensations	--	11.9	13.2	11.7	--
Hungary	in real terms	100.0	98.1	87.7	78.3	73.4 ^{b/}
	% average wage ^{d/}	20.5	21.8	19.9	18.1	17.0
Poland	in real terms	100.0	165.1	185.8	183.3	--
	% average wage	2.6	5.8	6.5	6.7	5.4
Romania ^{e/}	in real terms	100.0	97.5	58.0	37.6	25.7
	% average wage	9.8	8.9	6.6	5.3	4.7
Slovakia ^{c/}	in real terms	100.0	90.7	56.2	51.2	44.4
	w/compensations	100.0	101.6	85.9	77.4	67.1
	% average wage	10.5	9.9	8.3	7.2	--
	w/compensations	--	12.1	13.2	12.1	10.4

Source: MONEE Database.

^{a/} In this table the "family allowance benefit" is the average monthly per-child allowance going to a couple (or the most typical group of recipients) with two children. The figures for the benefit "in real terms" have been deflated using the average CPI. ^{b/} Estimated. ^{c/} Since 1993 the family allowance and price compensations have been changed. Here, "wages" refers to gross wages. ^{d/} For gross wages, the ratios would be 15.9, 16.7, 12.3, and 12.6 percent, respectively, for each year from 1989 to 1992. ^{e/} Calculated from the average value of all allowances and including compensations.

allowances and wages became more favourable after the first price shock of that year. This scheme presumably reflected a recognition that children had been affected by the removal of subsidies more than had other groups. More compensations were added in 1991. In 1992 wage compensations were eliminated. The purchasing power represented by the allowances fell considerably because of inflation, but the corresponding decline in wages was even more serious. This difference was due to the fact that compensations added a 63 percent increment (in current prices) to the basic value of the allowances.

In Russia and Ukraine the value of benefits has been pegged to the minimum wage.

However, because of the extreme downward pressure on minimum wages in the region, the family allowance has lost most of its value (Vaughan-Whitehead 1993). In April 1993, price compensations were fixed at 1,188 roubles for each under-6-year-old and 1,425 roubles for each 6-to-16-year-old. The value of these compensations was somewhat higher than the per-child value of the family allowance. In January 1994 a new system was introduced to restore somewhat the relative value of benefits, which had lost most of their pertinence during the two previous years of bold reform (Table 9). In Ukraine the benefit for families with children had represented 50 percent of the minimum wage. In 1993, as the minimum wage plunged, the benefit was raised to 90 percent of the minimum wage, and an allowance for bread was added. Most of these allowances were provided for low-income families.

State compensation benefits, which were more universal than family allowances since all children were eligible for them, were partially withdrawn in the Czech Republic in January 1993. Thereafter only households with incomes below twice the official subsistence minimum continued to be able to obtain them along with the basic allowance. This meant that the income ceiling for eligibility to secure about one-half the standard compensation was 9,000 to 10,000 crowns per year for a three-member family and 18,000 crowns for a five-member family. Entitlement among children for the price compensation benefit was reduced by an estimated 20 percent in this way. In November 1993 the family allowance scheme was changed as well, so that the level of the benefit depended on the age of the child: it was lower for younger children and higher for older children. This policy was designed to reduce outlays and was based on the perception that younger children represent less of a financial burden for families since their needs are fewer.

In Slovakia in 1993, price compensations were discontinued for families with incomes

Table 9: THE FAMILY ALLOWANCE IN RUSSIA
(In Percentages Of The Average Monthly Wage, 1992-4)

Allowance for	1992			1993		1994
	January	August	December	June	September	January
Under-1½-year-olds	14.2	8.5	6.2	8.6	1.5	10.1
1½-to-6-year-olds	10.7	6.8	5.0	2.9	1.2	10.1
6-to-16-year-olds	5.9	3.8	2.8	1.4	0.6	6.0
Children of single mothers	11.9	7.7	5.6	3.2	1.4	9.1

Sources: Nell and Stewart (1994), (forthcoming).

above 12,000 crowns. Unlike the case in the Czech Republic, the family allowance (200 crowns for one child and 650 crowns for two children) was also eliminated for all families with incomes above a 16,800-crown threshold. This last measure was criticized, since it took into account only total family income and ignored other factors, such as family size and the age of children. The system was altered once more in September 1994. Price compensations were eliminated entirely. Now, families with incomes above twice the relevant poverty line are not eligible for benefits. For families below this threshold, the value of the benefit depends on the household income level and the age of the child. If the income is above the poverty line by 150 to 200 percent, then the household is eligible for a benefit of 310 crowns if the child is below 6 years of age and 490 crowns if the child is between 16 and 25 years of age and still in school. If the family income is less than 150 percent of the poverty line, then the respective benefits are 510 crowns and 730 crowns.

The most transparent change in family allowance schemes has been a shift from varying per-child values toward a uniform amount. The benefit has usually been fixed according to birth order or family size. This can be illustrated through a comparison between the benefit going for a third child and that going for a first child (Table 10). Only in Hungary did the ratio of these two benefits increase between 1989 and 1993 and then only slightly and after an initial drop. In all the other countries during that period the ratio showed a decline. This was presumably a consequence of the abandonment of pronatalist policies. On the other

Table 10: THE FIRST CHILD-THIRD CHILD RATIO IN FAMILY ALLOWANCE SCHEMES^{a/}
(In Percentages, 1989-93)

	1989	1990	1991	1992	1993
Bulgaria	3.66	3.66	1.41 ^{b/}	1.24 ^{b/}	1.19 ^{b/}
Czech Republic	2.80	2.80	2.80 ^{c/}	2.80 ^{c/}	1.00
Hungary	1.29	1.13	1.34	1.37	1.36
Poland	2.96	1.00	1.00	1.00	1.00
Romania	1.34	1.34	1.17	1.08	1.00
Russia	1.00	1.00	1.00	1.00	1.00
Slovakia	2.80	2.80	2.80 ^{c/}	2.80 ^{c/}	1.00
Ukraine	1.00	1.00	1.00	1.00	1.00

Source: MONEE Database.

^{a/} The ratios refer to children in two-parent households. ^{b/} Including price compensations to offset inflation. ^{c/} Excluding price compensations.

hand, the contrasting situation in Hungary may have been due to pronatalism, or it may have been due to the declared goal of achieving more efficient income assistance (see van de Walle, Ravallion and Gautam 1994).

The case of Poland offers a good example of the effect of a shift to a flat-rate benefit scheme. Because low-income households tend to have more children than do higher income ones, a flat-rate scheme tends to assist poorer families less than does a more traditional scheme, which usually furnishes a smaller benefit for a first child and a larger benefit for a third child. The switch to a lump-sum allowance would therefore tend to increase poverty.

Benefits which rise with a child's age reflect an approach which responds more to the needs of the child and less to the needs of families. To target lower income households, such schemes must be complemented by assistance measures which focus on household income. Benefits which rise with the size of the family tend to be responsive to both family income and family needs, and in a sense they are automatically targeted as well. Moreover, they may also function as a sort of pronatalist incentive, though this may be the case only among very low income households, since even generous benefits are typically nowhere near large enough to meet the expenses a family with an average income undertakes in raising children.

2. **Changes in maternity leaves, sick child leaves and birth grants.** Because of declining fertility rates and the shrinking population of young children, maternity leaves, sick child leaves and birth grants are coming to represent a smaller burden on public budgets. These benefits provide more than just employment and income assistance. They also have a more direct impact on the health of the newborn, young children and mothers than does any other family support scheme. For these reasons, they have remained unaltered or been enhanced since 1989. However, due to the fall in female employment rates, they supply less income assistance now than they did in the past. Likewise, despite uniform or less rigorous eligibility requirements, the take-up of child-related leave benefits may drop as labour markets become more competitive. The eligibility requirements for more general sick-pay schemes have already been restricted in some countries.

The duration of the maternity leave has not been reduced in any country (Table 11). Indeed, the length of the paid maternity leave was expanded from 112 to 126 days in the USSR in 1990 and to 140 days in Russia in 1992, when eligibility was also extended to women who become unemployed during pregnancy. The benefit still reaches 90 to 100 percent of the pre-leave wage in most countries. Since the benefit is tied to wages, it is protected from the

Table 11: THE FEATURES OF MATERNITY LEAVE BENEFITS
(1989-93)

	Duration	Value	Eligibility	Changes since 1989
Bulgaria	120-180 in two parts depending on number of children	100% of last wage	linked to employment	--
Czech Republic	28 weeks	90% of last wage	270 days of health insurance eligibility in last two years	a cut in the replacement rate from 90% to 67%
Hungary	4 weeks before and 20 weeks after delivery	65-100% of last wage depending on length of employment	180 days of employment in last two years	--
Poland	16 weeks for 1st child; 18 weeks for 2nd or following child	100% of last wage	linked to employment	--
Romania	112 days	50-85% of last wage depending on employment record; uniformly 94% for 3rd or following child	linked to full-time employment	--
Russia	56 + 56 days	100% of last wage	linked to employment	1992: 140 days 1993: extended to unemployed if laid off during pregnancy
Slovakia	28 weeks	90% of last wage	270 days of health insurance eligibility in last two years	--
Ukraine	112-126 days	50-100% of last wage depending on length of employment	linked to employment	1991: 140 days

Source: MONEE Database.

effects of inflation to the extent that wages are adjusted for inflation. However, during periods of high inflation or significant price shocks, the real value of the benefit could fall appreciably, since the benefit is fixed to a pre-leave wage and the term of the benefit is relatively long, lasting from four to six months. Due to ex post compensation, the loss in real value occurs even in the case of Poland, where the benefit is pegged to the wages received over the previous three months.

The sick-child leave benefit has been trimmed in several countries. Changes in labour markets and in the workplace environment, as well as the shifts among providers, have had negative effects on the take-up rates for this benefit. In Bulgaria the amount of the lost earnings covered by the benefit has been reduced from 100 percent to 70 to 90 percent for over-9-year-olds. A cap has been placed on the benefit in the Czech Republic and Hungary. In the former the earnings replacement rate of the benefit was cut in 1993 from 90 to 67 percent, while in the latter the shift in the principal provider has tended to restrict reliance on the benefit. The benefit remains unchanged in Poland and Romania, though in Romania the leave remains available only for the parents of under-3-year-olds. In Russia the benefit

now covers 100 percent of lost earnings, an improvement for non-union workers, who used to be entitled to recover only 50 percent of lost earnings.

The changes in the administration and eligibility of adult sick-pay schemes may also be having an impact on maternal and child health. For complicated pregnancies, women may rely less frequently on such schemes if the requirements are less generous, labour market conditions are more difficult, or the rules governing doctor care are more stringent.

The practice of providing birth grants has not been discontinued in any country, and the real value of the grant has even remained relatively stable despite inflation. In the Czech Republic, Hungary, Romania and Slovakia the policy of providing the grant only if the expectant mother has a checkup has been maintained; this has contributed to the nearly 100-percent checkup rate among pregnant women in these countries. However, in Bulgaria, where there is still no such requirement, the checkup rate among pregnant women had dropped to 86 percent by 1992. The countries of the former USSR present a similar picture. Ukraine is an exception. Since 1992, the birth grant has been available there only to expectant mothers who have had a checkup during the first 12 weeks of pregnancy. No such policy has been introduced in Romania or Russia.

Unfortunately, no survey data exist on take-up rates for the maternity benefit among eligible women. The presumption among some officials is that these rates are very close to 100 percent; they may be correct. Nonetheless, since the benefit involves income assistance, as well as work leave, the extent of the coverage of the eligible population is important. If previous policies remain unchanged, new developments, such as a fall in female employment rates or higher teenage pregnancy rates, could lead to lower absolute coverage rates.

"Absolute coverage" may be measured in terms of total births, which can be used as a proxy for the number of eligible mothers. By assuming that all women having babies during a given year are eligible to receive the full benefit, then on the basis of the number of births during that year one can calculate the maximum number of possible beneficiaries and the maximum possible average length of the leave benefit. Social security statistics on the actual number of women obtaining the leave and the benefit can then be used to estimate the difference between the actual and theoretical coverage of the benefit (Table 12).

Maternity benefits appear to be providing considerably less support now than they did in the past to women giving birth and to their families. The "gap" between the potentially eligible and those who are actually covered has widened in all countries where such estimates can be made. It has grown considerably in the Czech Republic, Hungary and even

Table 12: THE ACTUAL AND THEORETICAL COVERAGE OF THE MATERNITY BENEFIT^{a/}
(1989-93)

	1989	1990	1991	1992	1993
<i>Czech Republic</i>					
Beneficiaries (daily average) ^{b/}	66,082 ^{c/}	68,178	64,443	55,952	50,432
Full "theoretical" coverage	69,210	70,400	69,730	65,590	65,230
Coverage "gap" (%)	4.5	3.2	7.6	14.7	22.7
<i>Hungary</i>					
Beneficiaries (daily average)	47,233	47,062	--	43,648	40,649
Full "theoretical" coverage	57,050	58,170	--	56,260	53,850
Coverage "gap" (%)	17.2	19.1	--	22.4	24.5
<i>Poland</i>					
Beneficiaries (daily average)	119,871	116,356	101,529	98,810	97,918
Full "theoretical" coverage	185,350	179,830	179,770	168,050	159,390
Coverage "gap" (%)	35.3	35.3	43.5	41.2	38.6

Source: Based on MONEE Database.

^{a/} See the text for an explanation of the method used to develop the table. ^{b/} Calculated on the basis of the arithmetical average of the number of beneficiaries at the beginning and at the end of the calendar year. ^{c/} Year-end data.

Poland. Since it is unlikely that so many women would deliberately decide to withdraw from the labour force at such an early age and forsake all the benefits attached to labour force participation, the main cause of this trend is probably to be found in a rise in active or passive unemployment among women, an increase in pregnancy among women who are too young to enter the labour market, or a decline in take-up rates among those women who are eligible to receive the benefit. The last may conceivably result in women taking shorter average leaves because they fear the greater competition on the labour market. This in turn means that a direct impact on health cannot be excluded.

Social security data suggest that fewer parents are relying on the sick child leave. However, because of the lack of microsurveys in this area, no firm conclusions can be drawn; the available macrodata cannot be used because they have obviously been influenced by the declines in child populations induced by plummeting fertility rates. While it seems likely that very young children require home care more often, this has not been precisely documented; therefore, numerical estimates cannot be made on the basis of variations in cohort size. However, the data imply that parents may be taking fewer paid sick leaves and that

workplace environments are tolerating such leaves less frequently now even when children are really sick and need home care.

In a very few countries birth grants are administered through local authorities on the basis of residence rather than through the social security system. In this case, the declines in employment rates and the related reductions in social security and health insurance coverage mean that, unless policies are changed, the grants will fail to reach their original targets. This also means that the impact on health may be more important than the impact on the income assistance which these one-time benefits provide.

3. **Nurseries and parental leaves.** The demand for childcare for under-3-year-olds fell sharply because of drops in fertility rates and the shrinking population of young children. However, the number of nurseries and the number of places available in nurseries declined even more sharply in all countries. While parental leave schemes represented a viable alternative in a few countries, in others the coverage of such schemes did not grow as much as nursery enrolments decreased (Table 13).

The reduction in the take-up of nursery care has been a long-term process which accelerated with the transition only in a few countries, such as Hungary, that had been promoting parental leaves for some time. In other countries like Czechoslovakia and Russia nurseries were favoured until the end of the 1980s, when a sudden policy shift occurred. In Poland, 106,000 places were available in nurseries in 1989, 95,800 in 1990, 66,400 in 1991, and

Table 13: CHILDREN IN NURSERIES AND PARENTS ON PARENTAL LEAVE
(1989-93)

		1989	1990	1991	1992	1993
Bulgaria	% of all 0-to-2-year-olds in nurseries	12.8	11.8	11.8	11.5	10.8
	parents on parental leave per each 100 0-to-2-year-olds	34.0	33.0	32.0	--	--
Czech Republic	% of all 0-to-2-year-olds in nurseries	13.8	8.1	4.0*	3.5*	--
	parents on parental leave per each 100 0-to-2-year-olds	50.0*	51.0	72.9	75.0*	--
Hungary	% of all 0-to-2-year-olds in nurseries	8.1	7.5	6.7	6.4	6.7
	parents on parental leave per each 100 0-to-2-year-olds	65.8	68.1	70.5	70.6	--
Poland	% of all 0-to-2-year-olds in nurseries	8.5	8.0	6.7	5.4	--
	parents on parental leave per each 100 0-to-2-year-olds	41.4	36.9	31.3	26.3	--
Slovakia	% of all 0-to-2-year-olds in nurseries	12.8	9.3	--	--	--
	parents on parental leave per each 100 0-to-2-year-olds	34.0*	41.0*	49.0*	42.0*	--

Source: MONEE Database.

* Estimated.

52,200 in 1992 (Balcerzak-Paradowska and Kolaczek 1994). Because so many nurseries were closing, enrolment rates plunged in all countries (Table 14). In a few cases, such as Hungary in 1993, the number of places stabilized and therefore so did enrolment rates. However, in most countries the downward trend is presumably still continuing.

Children may be negatively affected by nursery closures if parents are not able to remain at home to care for them or cannot arrange for others to do so. However, nurseries are not necessarily the most ideal place for the care of infants. In most instances, one-on-one care provided by parents or other adult family members, such as grandparents, is preferable to institutionalized care. Moreover, supervision over the conditions in institutions can be problematic. Prior to the transition, for example, many nurseries suffered from neglect or overcrowding and provided low-quality care. Health considerations still keep many parents from relying on these institutions.

Parental leave schemes were employed differently among countries before the transition. In some countries the schemes offered rather long leaves and relatively generous wage compensation; in others this was not the case. Changes in the conditions of availability after 1989 made the leaves more accessible in Russia and Ukraine. Unfortunately, coverage rates are unknown. Moreover, the low level of benefits and the inadequate mechanisms for indexing them suggest that the income support provided was not appreciable.

In Russia in 1991 "nursing" leave was extended from one year to one-and-one-half years, and the financial benefit was raised from 40 percent of the minimum wage to between 45 and 60 percent. The "childcare" leave, which had been a six-month unpaid leave up to 1991, was extended to cover the parents of children in the 1½-to-3 age group, and a small paid benefit was added. However, once again, the fact that the minimum wage was entirely out of step with the very high inflation rate caused problems, which ad hoc compensation

Table 14: CHILDREN IN NURSERIES IN THREE COUNTRIES
(In Percentages Of All 0-To-2-Year-Olds, 1989-93)

	1989	1990	1991	1992	1993
Romania	4.4	4.3	4.2	4.3	3.9
Russia	34.7	28.6	24.3	--	--
Ukraine	28.3	22.4	18.8	15.8	14.5

Source: MONEE Database.

schemes were unable to solve. In Ukraine the wage compensations attached to the "nursing" leave available for mothers with infants was fixed to the minimum wage in 1991.

In Romania, where no paid leave had been provided before 1989, a leave which included a cash benefit of 65 percent of the final pre-leave wage was introduced in 1990 for parents who were employed full time. The leave was available until the child's first birthday. While there are no data on beneficiaries, it appears probable that most eligible women took advantage of the leave.

In the Czech Lands and Slovakia in 1990 the maximum paid leave was extended from one year to three years for a first child. On the other hand, the leave for additional children, which had previously reached up to seven years depending on the number of children, was also set at a maximum of three years. Meanwhile, a mother was now permitted to take the leave and continue to work up to two hours per day and each month earn up to 1,000 crowns, which represented about 30 percent of the average monthly wage in 1990; this threshold was adjusted to 1,800 crowns in 1993 to restore the ratio to the average wage. Beneficiaries had previously been allowed no extra income at all. Moreover, whereas before 1990 the cash benefit a mother could receive depended on the goodwill and the budget of the local council, in 1990 the benefit was raised to the equivalent of the subsistence minimum, which was 1,360 crowns in the Czech Republic in January 1993. Though neither the earnings threshold, nor the benefit is indexed to offset inflation, the benefit was increased by 900 crowns in 1991 and 300 crowns in 1992 to offset major cuts in subsidies. Take-up rates for the parental leave grew considerably in the Czech Lands and Slovakia between 1989 and 1991. This was due to the more favourable benefits, but also to the closure of nurseries. However, in 1992 the coverage rate in Slovakia appeared to decline somewhat.

In Hungary two types of parental leave benefit existed, one providing 75 percent of the relevant wages for a maximum of two years, and one providing a minimum payment for an additional year or for a total of three years in the case of those who had not been employed. The real value of the second type of leave benefit was subject to erosion since the benefit was not indexed for inflation. Because it was pegged to the last pre-leave yearly wage and because it was not indexed in any way over the two years it was available, the initial value of the first benefit, which was very generous in theory, especially for those at medium and higher incomes, was subject to a loss of between 30 percent and 40 percent, depending on inflation rates.

Unlike the situation in other countries, the requirements for the corresponding benefit

in Poland were generally restrictive, and the scope of the benefit was particularly limited in the case of the very needy. In 1992 the income threshold for eligibility was cut from 25 percent to 18 percent of the average per-capita income of households, and the value of the benefit itself was reduced from 25 percent of the last pre-leave wage to a flat 21 percent of the average wage. Slightly higher in value, the benefit for single mothers was decreased from 40 percent of the pre-leave wage to 33 percent of the average wage.

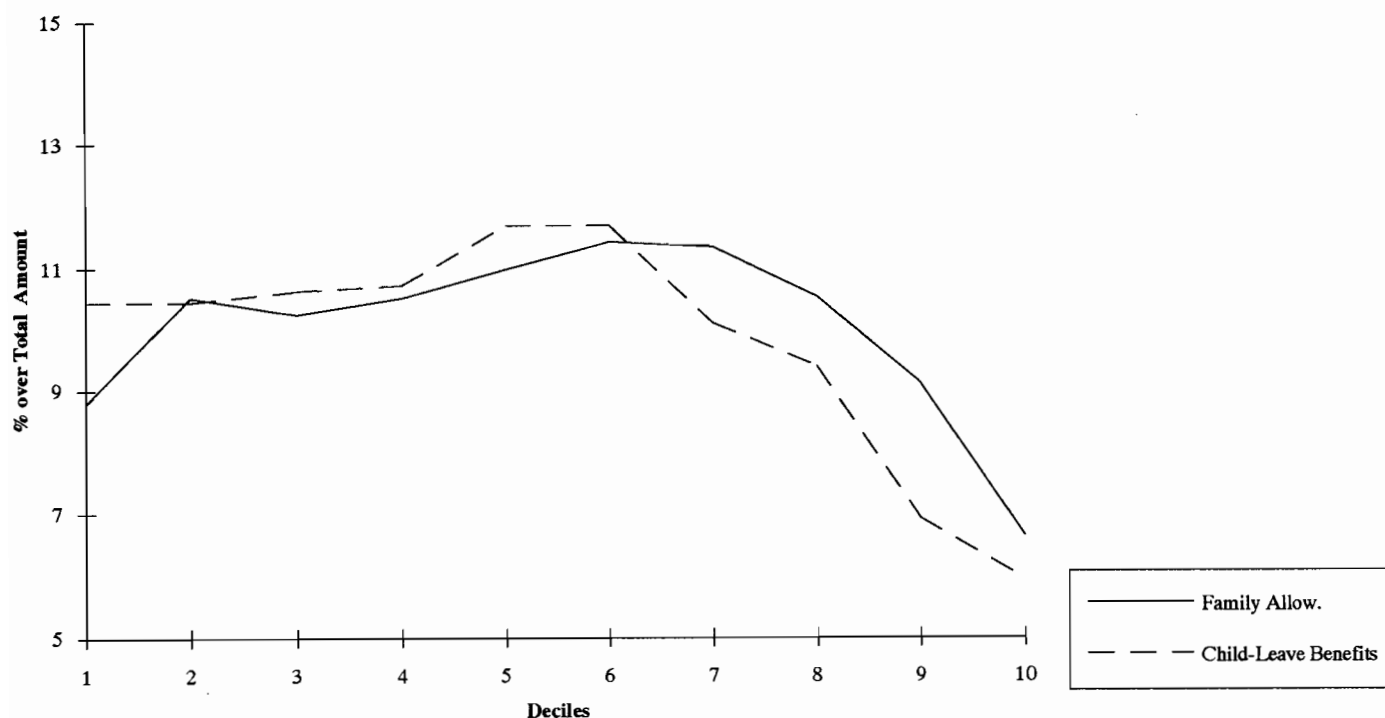
Not only the objectives, but also the targeting efficiency of this policy were questionable. According to the Polish Household Budget Survey, only 3 percent of the total population in 1992 was living below the eligibility threshold of 442,500 zlotys per family member, though about one-quarter of all households with small children were receiving the benefit (see Table 13, page 44). This shows that very restrictive income requirements are not necessarily sufficient to prohibit medium- and high-income families from obtaining benefits. Additional restrictions can help in avoiding a basic error of targeting, the supply of assistance to those who do not need it, but such restrictions may also lead to less coverage among the target group—the other basic error—by excluding those who are poor but whose incomes are still above the threshold.

Figure 3 illustrates the distribution of the family allowance and other child-related benefits in Bulgaria in 1993. Data show that the distribution of maternity, parental and sick-child leave benefits tends to favour lower income families with young children and is more pro-poor than the distribution of the family allowance, even though the allowance is primarily linked to wages. This suggests that leave benefits, though they are only provisional income supplements, may be efficient tools for the supply of assistance to the needy.

4. **Assistance linked to kindergartens and primary education.** The aim of attaining 100-percent preschool enrolment rates seems to have been abandoned nearly everywhere. All too often the reason has simply been the lack of money. Governments have tended to cut their financial support. In turn, municipalities—to which the administrative responsibility has been shifted from enterprises and central governments—either do not have the financial resources to take over kindergartens at all, or are forced to limit the number of enrolments.

In 1990 most countries tried to solve the financing problem by boosting kindergarten fees (Table 15). The almost immediate drop in enrolments proved the shortsightedness of this approach. In 1991, fees were frozen or fee increases were limited almost everywhere. This appears to have been a temporary measure. Thus, following a falling trend, fees were more

Figure 3: DISTRIBUTION OF FAMILY ALLOWANCES AND CHILD-RELATED BENEFITS IN BULGARIA (1993)



Source: MONEE Database.

than doubled in Bulgaria in 1993, when uniform fees reaching 15 percent of the average wage replaced income-tested fees. Fees in Poland rose steadily until they represented one-third of the average wage. Fees were raised in Romania in September 1993 and are now close to 16 percent of the average wage. A regulation introduced in Russia in 1992 limited user fees to 20 percent of costs and the fees paid by families with three or more children to 10 percent.

The role of lower female employment rates appears to have been minimal in declining kindergarten enrolment. The drop in enrolments was greater than the rise in unemployment and was occurring even in countries in which unemployment was relatively stable.

With the exception of Hungary, the fall in kindergarten enrolment rates was substantial in all countries. This was a very worrying trend, since social development among 3-to-5-year-olds is enhanced by interaction with their peers, and kindergartens offer 5- and 6-year-olds preparation for primary school. In Russia, where the enrolment age for elementary schools was lowered in the 1980s from 7 to 6 years, the preparatory role performed by kindergartens increased considerably even though only 18 percent of schools

Table 15: KINDERGARTEN ENROLMENT RATES AND FEES^{a/}
(In Percentages, 1989-93)

		1989	1990	1991	1992	1993
Bulgaria	enrolment rates	67.7	66.9	57.9	61.0	59.6
	per-household fees ^{b/}	13.0	10.0	9.0	15.0	--
Czech Republic	enrolment rates ^{c/}	99.0	90.0	83.0	--	--
	per-household fees	-- ^{d/}	-- ^{d/}	-- ^{d/}	-- ^{d/}	-- ^{d/}
Hungary	enrolment rates	85.7	84.9	85.9	86.5	86.6
	per-household fees	-- ^{e/}	-- ^{e/}	-- ^{e/}	-- ^{e/}	-- ^{e/}
Poland	enrolment rates	48.7	47.1	43.9	42.6	--
	per-household fees	25.0	30.9	36.7	--	--
Romania	enrolment rates	82.9	70.5	68.7	68.1	--
	per-household fees ^{f/}	10.0	21.4	14.5	10.6	--
Russia	enrolment rates	69.3	66.4	63.9	56.8	56.6
	per-household fees	3.0	2.8	1.4	-- ^{g/}	--
Slovakia	enrolment rates	91.5	83.7	75.7	78.1	77.6
	per-household fees	-- ^{d/}	-- ^{d/}	-- ^{d/}	-- ^{d/}	-- ^{d/}
Ukraine	enrolment rates ^{h/}	85.6 ^{i/}	--	81.9 ^{i/}	--	--
	per-household fees	6.0	6.0	6.0	6.0	--

Sources: UNICEF-ICDC (1993), MONEE Database.

^{a/} The fees are estimated; they are reckoned as a percentage of the average wage. ^{b/} Fees also depend on family income. ^{c/} Among 5-year-olds. ^{d/} Parents pay for meals only. ^{e/} Parents pay for meals in public units; they may pay extra fees in other units. ^{f/} The share of costs borne by users was 69 percent in 1989, 82 percent in 1990, 59 percent in 1991 and 51 percent in 1992. ^{g/} According to regulations introduced in April 1992, the share of costs borne by users could not exceed 20 percent, or 10 percent in the case of parents with three or more children. ^{h/} Total enrolment as a percentage of all 3-to-5-year-olds. The share of 6-year-olds in kindergartens or primary school was 55.1 percent in 1990, 50.2 percent in 1991 and 46.3 percent in 1992. ^{i/} Estimated.

had been able to comply with the new enrolment-age rule by the beginning of the 1990s.

Private kindergartens, which may be better able to provide high-quality services and additional teaching in subjects such as foreign languages, tend to be accessible only to children in higher income families. Children of low-income households may thus be crowded out of kindergartens, if public units are privatized and more private units are not established. On the other hand, the private units could help ease the burden on the kindergartens run by municipalities. However, private initiatives have remained sporadic.

The efficiency and equity of compulsory education systems may be eroding because

of the increasing lack of support. Since the responsibility for these systems was transferred to municipalities in many cases, financing was often cut, and the burden of public primary education was shifted to parents. The real value of schoolbook subsidies was usually trimmed. Largely because of the typically high entrance fees, the number of private primary schools remained insignificant in those countries where they were permitted. For example, in Russia, where private schools have been legal since 1992, the fees for private education represent between 10 and 50 percent of the average wage. In Romania, despite more significant public spending and changes in curriculums in public schools, the old practice whereby public school teachers offer lessons after hours for a fee is still widespread.

Though public income assistance schemes for education have been cut back or discontinued for families, households with children often must pay even for public education. For primary education in Russia, the estimated per-child costs to families increased from 1 to 3 percent of the average wage between 1989 and 1991. In Poland, where families had already been covering 20 percent of overall expenditures and 100 percent of boarding and book expenses in 1989, the corresponding costs to families rose from 3 to 4 percent of the average wage. Moreover, parents are obliged to cover the basic fees for schools run by nonprofit organizations or private concerns. In 1992 such schools represented 0.3 percent of all primary schools and 3.5 percent of secondary schools.

In Poland, to pay for public schools, parent committees have supplied fresh resources by creating foundations, seeking sponsors and undertaking business projects. They also organize courses for which they charge fees. However, the practice of charging fees for services which would not otherwise be offered can have an effect on incomes that is very similar to the impact of cuts in family support. Moreover, such initiatives usually involve no differentiation according to income level. Thus, without more support, many marginalized families may not be able to afford the fees. Likewise, the practice can lead to a sort of shadow education system within public schools as the "extra" services gain importance at the expense of the basic ones. Thus, the children of poorer families may be at a further disadvantage.

IV. THE NEW PROFILE OF FAMILY SUPPORT

Numerous modifications and the introduction of fresh programmes have resulted in a new profile for family support in Central and Eastern Europe. Assistance schemes are beginning

to become distinguishable according to whether a country is richer or poorer, or whether it follows a more "conservative" or a more "liberal" approach toward the family and related social policies. Thus, neoliberals have dominated the political scene in the Czech Republic since 1989. A conservative coalition ran the Government in Hungary between 1990 and 1994. In Poland, pursuing a mixture of economic neoliberalism and social conservatism, various factions of the Solidarity Movement succeeded each other in the Government until late 1993. In Romania liberal views on family issues have replaced the pronatalist policies pursued under Ceaușescu. Meanwhile, Bulgaria and perhaps Ukraine would be included in any list of countries in which, in the development of family policy, fiscal hardship has much more weight than any ideological considerations. On the other hand, Albania and Russia seem to fit somewhere between Romania and this last group of countries.

As a Western observer (Kolberg 1993, page 6) has concluded, "the attraction of neoliberalism is high in the former state socialist countries due to the utter failure of the planned economy, the connection between market and political freedom and the disorganized state of social forces." International lending institutions, especially the International Monetary Fund and the World Bank, lean toward the neoliberal approach, which is more likely to be pro-market and thus conducive to the transition from command to free market economies.

The (neo)liberal approach toward social policy in general and family support in particular tends to promote fees for childcare, private education systems, female employment opportunities, means-tested income assistance provided locally, the provision of other cash benefits through insurance schemes, the complete elimination of price subsidies and in-kind benefits, and an end to incentives designed to raise fertility rates.

In contrast, the conservative approach tends to favour home care for children, less female participation in the labour market, incentives designed to boost fertility rates, education offered through the public sector or churches, and public social security systems.

Not surprisingly, governments have evolved various mixtures of these approaches. Still, family policy in the Czech Republic, for example, has been more clearly liberal, while that in Poland has been essentially conservative. In Romania the approach is more liberal than conservative, though the way financial resources have been allocated among assistance measures is quite different from the Czech model. Thus, direct income assistance for families has dwindled, while employment, health and education benefits have been raised somewhat. The relatively advantageous economic position of Hungary has permitted that country to follow a more conservatism approach and retain such popular and apparently pronatalist

measures as the generous parental leave (which was actually among the last measures introduced by a transitional reform-minded Communist Government).

The Czech Republic: The "Rich-Neoliberal" Model

The Czech Republic is the only country which has followed a consistent and comprehensive programme for the transformation of the inherited social policy system, including family support. Apart from a period when subsidies were cut, inflation and unemployment have been kept rather low. Unlike the situation in many other countries, prices in early 1994 were only between two and three times the pre-transition prices of 1989, and they were rising at an annual rate of 9 or 10 percent. The welfare impact of the few, drastic subsidy cuts and subsequent price increases in 1990 and 1991 was effectively cushioned by state compensation benefits distributed by the Government. These fixed-sum benefits, which were provided to all citizens, raised the real value of the cash assistance payments going to families appreciably in 1990 and to a lesser degree in 1991 (Table 16). The compensation scheme was obviously favourable to children, whose average consumption levels are below those of adults.

Meanwhile, childcare assistance programmes and specific income support programmes were broadly unaffected in 1990. However, between 1990 and 1992 the cash family support supplied through major income programmes fell in real terms by 25 percent, a small portion of which was due to a decline in the child population. Family support benefits which involved employment assistance or a health care and child development component also declined in terms of the income support they were providing. This was a result of a plunge in maternity leave benefits that, in turn, was due partly to a drop in birth rates, partly to cuts in the benefit scheme itself and partly to a more discouraging labour market environment. Nonetheless, the overall importance of leave benefits swelled because of higher take-up rates and the greater benefits for parental leave. Moreover, the "social" assistance component had grown from a share in all family support benefits of less than 1 percent during pre-transition years to a share of about 4 percent by 1992.

These trends gained momentum in 1993 and presumably in 1994. While a cutback in compensation benefits yielded around 1 billion crowns in savings in 1993, almost as much was added to one-time assistance payments to families with dependent children. Together with other measures, the new system of family allowances and a rise in the parental leave benefit elevated current public expenditures in 1993 by about 1.2 billion crowns, which was,

Table 16: THE COMPOSITION OF CASH FAMILY SUPPORT BENEFITS IN THE CZECH LANDS (1985-92)

	Crowns (billions, 1992 prices)			Total (= 100% at current prices)		
	1985	1990	1992	1985	1990	1992
<i>Major Income Assistance Programmes^{a/}</i>						
Family allowances	20.4	17.7	9.5	72.2	59.3	39.6
Child-rearing allowance ^{b/}	1.2	0.5	0.3	4.2	1.7	1.3
Loan refund benefit	0.6	0.5	0.2	2.1	1.7	0.8
Price compensations ^{c/}	--	4.0	7.2	--	13.4	30.0
Total	22.1	22.7	17.2	78.5	76.2	71.7
<i>Employment Assistance Programmes for Childcare and Child-related Health Care</i>						
Maternity leave benefit	2.3	2.3	1.1	8.3	7.6	4.6
Sick-child leave benefit	1.0	1.2	0.6	3.4	4.1	2.5
Birth grant	0.6	0.5	0.2	2.1	1.7	0.8
Parental leave benefit	2.0	2.6	3.8	6.9	8.7	15.8
Total	5.9	6.6	5.9	20.8	22.1	24.6
<i>Specific Income Support Programmes</i>						
Provisional benefit	0.2	0.2	0.1	0.7	0.5	0.4
Benefit for food	0.0	0.1	0.1	0.0	0.6	0.4
Assistance to dependent children & pregnant women	0.0	0.2	0.7	0.0	0.6	2.9
Total	0.2	0.5	0.9	0.7	1.1	3.8
Total cash family support	28.2	29.8	24.0	100.0	100.0	100.0
Other child-related cash payments ^{d/}	0.6	0.4	0.1	--	--	--
<i>Memorandum Items</i>						
Number of 0-to-18-year-olds ('000s)	2,933.0 ^{e/}	2,764.1	2,643.7	--	--	--
Number of births ('000s)	131.5 ^{f/}	131.1	120.7 ^{g/}	--	--	--
Females employed ('000s)	2,446.4	2,378.7	2,116.0	--	--	--

Sources: Novák (1994), UNICEF-ICDC (1994), CSFSO (1991), MONEE Database.

^{a/} Includes child-related relief on wage taxes that was estimated at 6 billion to 7 billion crowns in 1992. This relief was halted in 1993, when the personal income tax was introduced. ^{b/} A family allowance for single-parent families. ^{c/} "Compensation" benefits for children and for women on maternity and parental leave. ^{d/} Payments for foster care and education benefits. The foster care allowance was raised by 240 crowns per child per month in May 1993 in order to meet new regulations which pegged the allowance to the cost of the food and personal needs of children as reflected in the calculation of the subsistence minimum. The foster care allowance was increased from 400 to 500 crowns. ^{e/} 1988. ^{f/} 1987. ^{g/} Estimated.

however, much less than the amount required to offset the inflation of that year. Along with the steps taken earlier, these adjustments advanced the comprehensive social policy reform underway in the country (Table 17). The declared aim of the reform, which is to be fully implemented in 1995, is to privatize many social and health care services and give families more freedom to determine their own welfare needs.

At the same time, a social assistance scheme is to be established that is based on the principle that a social bond exists between "haves" and "have-nots" and between the childless and families with children. The new scheme will be designed to provide varying levels of support to families in need. The benefits under the scheme will each be based on the subsistence minimum.

Table 17: MAJOR FAMILY POLICY CHANGES IN THE CZECH REPUBLIC
(1987-95)

<p>-July 1987-</p> <p>The <i>maternity leave</i> was set at 28 weeks, of which six weeks were available before the delivery of the child. The maximum on <i>low-interest loans</i> for young couples was raised to 50,000 crowns, with repayment over five years; a <i>loan refund benefit</i> was added that amounted to 2,000 crowns at the first birthday of the first child and 4,000 crowns for the second and following children and that was to be used as a loan instalment.</p>
<p>-October 1990-</p> <p>All parents, including fathers, became eligible for the <i>parental leave</i> and <i>parental leave benefit</i>; moreover, limited employment was allowed during the leave. The benefit was raised from 600 to 900 crowns.</p>
<p>-July 1990-</p> <p>The <i>state compensation benefit</i>, fixed at 140 crowns per month for each resident, was introduced with a view to offset the removal of most negative turnover taxes and consumer subsidies.</p>
<p>-May 1991-</p> <p>Because of further subsidy cuts, the <i>state compensation benefit</i> was adjusted to 220 crowns for pensioners and dependent children. The <i>parental leave benefit</i> was raised to 1,200 crowns.</p>
<p>-January 1992-</p> <p>The <i>state compensation benefit</i> was discontinued for economically active individuals.</p>
<p>-January 1993-</p> <p>The <i>maternity leave benefit</i> was reduced from 90 percent to 67 percent of the last pre-leave wage, with the maximum benefit set at 67 percent of earnings of 190 crowns per day. The <i>parental leave benefit</i> was raised to 1,360 crowns per month in line with the per-capita subsistence minimum.</p>
<p>-April 1993-</p> <p>The <i>state compensation benefit</i> for children in families with incomes above twice the value of the per-capita subsistence minimum was discontinued.</p>
<p>-May 1993-</p> <p>The wage replacement rate of the <i>sick-child leave benefit</i> was reduced from 90 percent to 67 percent, with a maximum benefit of 67 percent of earnings of 190 crowns per day; the maximum length of the leave was cut from an indefinite period to nine days. The <i>birth grant</i> was pegged to the subsistence minimum and was increased from 3,000 to 4,000 crowns.</p>
<p>-November 1993-</p> <p>The <i>family allowance benefit</i> was set at one-third of the subsistence minimum in order to meet the nutritional and other basic needs of children divided into four age groups. Thus, the allowance rose from 340 crowns to 490 crowns depending on a child's age.</p>
<p>-January 1995-</p> <p>A new comprehensive social policy reform is to be fully implemented.</p>

Sources: Novák (1994), MONEE Database.

For families with incomes above the subsistence minimum, a basic social insurance scheme will be created to act as a safeguard against unemployment, health problems and other difficulties. The benefits will be based only on income levels. Employees, employers and the state will all contribute to this social security fund. For families with incomes below the subsistence minimum, an alternative social assistance scheme will be created.

Family income assistance will be provided mainly through the family allowance, which will be sufficient to respond to the basic needs of children as determined through the

subsistence minimum. The scheme will continue to cover mid-income households, as defined by a certain range of incomes above subsistence-minimum levels.

Conservative Family Support Initiatives in Central Europe

In Hungarian Government policy the idea of the "caring" state has been combined with a focus on the traditional model of the family. In contrast, Poland has undertaken a neoliberal approach in economic matters, at least partly since this alone has seemed capable of yielding the international support needed to manage the national debt. In the Czech Republic, besides economic considerations, the historical importance of Protestantism has been evident in the utilitarian approach adopted toward public policy development. Meanwhile, among the Magyars, Poles and Slovaks the influence of Catholicism (often with a nationalist slant) has been much stronger.

The Social Act approved by the Hungarian Parliament in January 1993 reflects a compromise between those national and international experts, such as the Blue Ribbon Committee, who were urging the adoption of measures aimed at relieving poverty and those, most prominently writers associated with the ruling Hungarian Democratic Forum, who were urging the adoption of "familist"-oriented policies. The Act only covers programmes administered by local governments. It favours means-testing in the determination of eligibility. The Act creates a safety net for those who are not eligible to receive social security benefits, such as the long-term unemployed and individuals without health insurance. It includes measures to provide emergency assistance that are similar to measures previously administered by trade unions or the social security system.

The Act also includes a new family support scheme, the Childcare Support Programme, which offers to mothers with three or more children a cash benefit equal to the minimum benefit for pensioners. The benefit is available until the smallest child reaches 8 years of age. Unlike the parental leave, which represents an incentive for female employment, this benefit has the underlying aim of encouraging mothers with small children to remain at home (Fajth and Lakatos 1994). This becomes clear through an examination of the eligibility requirements. Thus, the benefit cannot be received along with the income support benefit for the unemployed that requires that the recipient be actively seeking work. Likewise, the family income ceiling for eligibility for the benefit is rather high. While most benefit schemes under the Social Act have a low net per-capita family income ceiling of 80 percent of the value of

the minimum pension, the per-capita family income ceiling for this benefit is as much as three times the minimum pension and is therefore higher than the average family income.

New family policies in Poland mirror primarily the views of the Catholic Church. The approach assigns the family significant rights and responsibilities in raising and educating children and tends to place limits on government interference. However, a comprehensive programme of general and targeted family assistance schemes has not been developed, and the public has resisted any encroachment on rights which are perceived as acquired, such as the family allowance for a first child. The closure of nurseries and kindergartens has also tended to strengthen the role of the family (Balcerzak-Paradowska and Kolaczek 1994).

Advocated by the Church, tough anti-abortion legislation was introduced in January 1993, despite the fact that Poland already has one of the lowest abortion rates in the region. In response to critics who were demanding free choice for mothers living in difficult circumstances, existing family support schemes have been expanded to include new means-tested benefits. A woman who is pregnant or bringing up a child is now entitled to receive cash and in-kind benefits through the social welfare system if per-capita family income is below the level of the minimum old age pension benefit. However, eligibility for the benefit is restricted to women from the 20th month of pregnancy until the child is 6 months old. Furthermore, only women in households without social security, woman bringing up children alone and homeless women are eligible.

V. AN ASSESSMENT OF NEW FAMILY SUPPORT POLICIES

New family support measures may be designed to supply employment or income assistance, equalize household incomes, provide incentives aimed at boosting fertility rates, or enhance health care and child development. Different strategies stress different goals. Still, there are basic trends and basic challenges most countries share. The success of the new policies may be assessed through an examination of how well the policies adopted meet existing needs.

Responses to Changes in the Labour Market

1. The closure of **childcare facilities** has generally been a consequence of the discontinuation of the policy of full employment and the plunge in female employment rates.

The drop in female employment may be due to difficulties related to the transition and, to a lesser degree, to problems in gauging employment in new private enterprises. It may therefore only be temporary. However, the discontinuation of the policy of full employment will have long-term effects.

The scaling back of childcare assistance for parents has had a notable impact on female employment opportunities, since, in the majority of cases, women must now seek alternative childcare solutions within the home. The worsening female employment opportunities represent a handicap for efforts to enhance labour market efficiency.

Before the onset of the transition, labour participation rates among women stood at 80 to 90 percent in Central and Eastern Europe. Since 1989 the size of the working-age female population, which in these countries is usually viewed as composed of all women between 15 and 55 years of age, has increased in the region, despite an overall population decline. Between 1989 and 1992 the number of employed women fell in all these countries (Table 18). Unknown in the socialist era, unemployment has spread rapidly in the region, and the downturn in employment among working-age women has outstripped the decline in female participation rates. Two factors have been at work here: a rise in the number of women choosing not to work and mounting active and passive unemployment.

Since 1989, female unemployment has increased much more quickly than has male unemployment everywhere except in Hungary, where both sexes have been strongly affected. In Hungary, the female employment rate dipped from 78 to 66 percent between 1989 and 1992. In Russia and Ukraine the drop in female employment was apparently modest, at least

Table 18: CHANGES IN EMPLOYMENT AND UNEMPLOYMENT RATES BY GENDER
(In Percentages, 1989-92)

	Changes in Employment Rates, 1989-92		Unemployment Rates, 1992	
	Overall	Females	Male	Females
Bulgaria	-28.7	-25.7	15.6	16.1
Czech Lands	-8.8	-16.4	2.6	3.6
Hungary	-13.8	-19.6	12.0	9.0
Poland	-12.6	-13.7	12.0	15.4
Romania	-4.5	-1.1	6.2	10.3
Slovakia	-13.5	-18.6	11.1	11.7

Sources: CEC (1993), MONEE Database.

until 1992-3. This is because low productivity levels and widespread labour hoarding, both of which were endemic in these countries prior to the transition, have not yet been translated into overt unemployment. In Romania considerable growth in agricultural employment contributed to a sharp climb in economic activity among women from 1989 to 1991. However, mounting overall unemployment began to offset this phenomenon in 1992. During these years the female employment rate fell from 70 to 60 percent in Poland, where, however, the female participation rate temporarily rose as women took advantage of new unemployment entitlements which allowed them to stay at home without having to leave the labour force. The female employment rate shrank from 82 percent (for Czechoslovakia) to 70 percent and 62 percent, respectively, in the Czech Republic and Slovakia. Finally, in Bulgaria the rate plummeted from 93 to 66 percent during the period.

These data suggest that, at least in the four Central European countries—the Czech Republic, Hungary, Poland and Slovakia—and in Bulgaria, formal-sector female employment rates have slid back to a level similar to that in the market economies of Western and Southern Europe, where they were around 60 to 70 percent in the early 1990s. The rates in Romania appear to be heading in the same direction.

However, full-time employment has remained relatively more common in Central and Eastern Europe than it has in the Western postindustrial market economies. For instance, in Hungary only 2 percent of all employees in enterprises with more than 20 employees are part-time workers. In smaller private ventures work schedules tend to be somewhat more flexible. The number of such companies is rising slowly but steadily in the region. These companies now account for an estimated 5 to 15 percent of all employment outside the agricultural sector, a figure which is still considerably lower than the corresponding figure in other industrialized regions. Nonetheless, in many countries shortened workdays and temporary layoffs have become frequent. For example, a survey (UNECE 1994) of Russian industrial firms has reported drops in actual employment of 8 percent, which would mean that the official estimates of unemployment are much too low.

Modifications in patterns of economic activity and female employment can be decisive for the demand for childcare and family income support. A decline in employment among women and a subsequent return to the one wage-earner family model may result in a deterioration in the income position of households, unless changes are also engineered in wage distribution. On the other hand, such a decline may lead to more favourable attitudes toward motherhood as a "career", thereby easing the friction between employment and

childcare and the related pressures on family and employment policies. Likewise, the abandonment of the policy of full-time employment may also enhance the potential for flexible employment patterns like part-time employment and self-employment even in more traditional sectors of the economy such as agriculture. More flexible work schedules may permit parents to become more actively involved in the care and upbringing of their children. The demand for alternative forms of childcare may also eventually increase as parents try to mesh family responsibilities with full-time or other more complicated work schedules. New types of childcare are already emerging in Central and Eastern Europe, though they receive little or no public assistance.

2. Improvements in **parental leave schemes** may help ease the employment-childcare dichotomy. Despite drops in female employment rates, this dichotomy is still considerable because of the numerous closures among childcare facilities.

However, adjustments in family support schemes are not everywhere perceived as important. The eligibility requirements for the current parental leave schemes in many countries are far too strict; the distribution of leave-related benefits is not always equitable; the benefits are too modest, and the leaves are sometimes terminated before the child becomes old enough to enter a preschool or kindergarten. In most countries the maximum duration of the unemployment benefit is less than that of the parental leave benefit, but the money value of the former is higher than that of the latter (Table 19).

Unemployment benefits and parental leave benefits ought to be harmonized. If female unemployment rates are high and unemployment compensation schemes are reasonable, relatively generous parental leave provisions may still be advantageous. A sound parental leave scheme can help lessen unemployment. In particular, it can help create a more flexible labour market by raising labour turnover, which is important for transition countries, where the number of long-term unemployed individuals has been swelling (OECD-CCET 1994).

In Poland, where the female employment rate is relatively low and the eligibility requirements for the parental leave are rather strict, female labour force participation rates grew when an unemployment benefit scheme was introduced (Köllö 1992). Many women were presumably seeking income assistance while caring for children at home. In contrast, no such "entitlement effect" has been evident in Hungary. However, in Hungary parental leave provisions permit parents raising small children a fairly reasonable choice between employment and home care.

Unemployment schemes reflect little regard for family support in other ways as well.

Table 19: UNEMPLOYMENT COMPENSATIONS AND PARENTAL LEAVE BENEFITS COMPARED
(Around 1993)

	Maximum Duration (months)		Replacement Rate ^{a/} (%)	
	Unemployment Compensation	Parental Leave Benefit	Unemployment Compensation	Parental Leave Benefit
Bulgaria	6	24	60	40 ^{b/}
Czech Republic	12	36	60	30 ^{c/}
Hungary	12	24 (+12)	60-75	75 ^{d/}
Poland	12	24 ^{e/}	36 ^{f/}	20
Romania	9	12	50-60	65
Slovakia	12	36	60	35 ^{c/}

Sources: OECD-CCET (1994), MONEE Database.

^{a/} Unless otherwise indicated, the declared value of the benefit for the most typical case as a percentage of the last pre-benefit wage. ^{b/} Equals the minimum wage. ^{c/} Equals the subsistence minimum. ^{d/} An additional, very low fixed-sum benefit is available for a further 12 months. ^{e/} Thirty-six months for mothers with two or more children. ^{f/} A flat-rate benefit equalling 36 percent of the average wage during the last pre-benefit quarter.

For example, there is no linkage between the level of unemployment compensation for parents and the school enrolment of children or the size of the family even in countries offering only limited family allowances (Ferge 1993).

3. **Additional measures** ought to be considered. For instance, a drop in the real income of a household may lead a parent to return to work before a leave is completed. Likewise, the reemployment guarantee which is part of parental leave provisions has become less secure as patterns of economic activity change and jobs disappear. Because of the existence of the leave, private employers may tend to become biased against hiring women with small children or against workers likely to take the leave. Labour counselling and active labour market policies in the region usually neglect family status as a factor in employment practices, nor do they demonstrate any special concern for people reentering the labour market after long parental leaves.

The Adequacy of Adjustments in Income Assistance

1. Regular **family support schemes** deliver much less income assistance to households now than they did four or five years ago. Though the impact of severe subsidy cuts has been cushioned in most countries by price compensations which act as supplements to family

allowances, these price compensations have been temporary and have entailed a shift toward flat-rate benefit regimes. Moreover, experience has shown that "cushioning" can be effective only if inflation remains relatively low after price shocks. In any case, the reduction in benefits may even be defended by arguments that the comprehensive family income support schemes developed under the Communists and aimed at achieving vertical income equity are outdated. However, no sound theoretical argument exists for abandoning the goal of horizontal equity. The lower wages which are badly needed if there is to be economic recovery in the region might be more easily accepted by workers, if there were a wage "equalizer" for families with children.

Thus, it is not surprising that the neoliberal approach followed in the Czech Republic has involved a systematic rejection of pronatalism in family support programmes but has nonetheless included the maintenance of a family allowance benefit. Noteworthy is the fact that the allowance scheme has been modified so as to provide higher benefits for older children, who account for greater outlays on the part of parents, rather than for younger children, though the parents of young children tend to earn less. The scheme also excludes the uninsured, who may well be poor.

Partly because of the costs of the economic transition, but also because of sinking wages, growing unemployment and flagging social transfers, poverty has grown dramatically in the region since 1989. In no country is the share of the population living in poverty much below 18 to 20 percent, and in Poland, Southeastern Europe and the countries of the former USSR at least 30, 40 or even 50 percent of the population is living in absolute poverty (UNICEF-ICDC 1993). The "ultrapoor"—those who are unable to meet basic human needs and therefore are truly in danger—now account for 7 to 10 percent of the population in Central Europe and 20 to 30 percent of the population in Eastern Europe (Cornia 1994).

There are indications that growing numbers of families with many children are joining the ranks of the poor in relative terms as well. In Slovakia official subsistence minimums are so low that they tend in effect almost to exclude the existence of the poor as a class within the population. However, if one takes 35 percent of the average real wage in 1989 as the per-capita poverty threshold, then between 1989 and 1993 the poverty rate jumped from 7.1 to 18.3 percent for the entire population and from 9 to 25.7 percent for the child population. In Hungary a similar reckoning based on 40 percent of the real wage in 1989 yields a rise in the poverty rate for the entire population from 8.5 to 13.8 percent and for the child population from 13.7 to 19.2 percent between 1989 and 1991. In Russia in 1992, while 36.7 percent of the

total population, 21.5 percent of men aged 60 or over and 33.4 percent of women aged 55 or over were living below the official poverty line, the relevant figure for under-16-year-olds was 46-7 percent. Finally, while the share of the population living under the official poverty line climbed from 21.8 to 41.4 percent in Poland between 1989 and 1992, the share of the child population living in poverty rose from 28 to 57.6 percent (UNICEF-ICDC 1994).

These data have been strongly influenced by the relative position of inactive households, especially those of pensioners. They therefore reveal more about the real value of the average pension relative to that of the average wage and about the fall in employment and in the real value of wages relative to that in pensions (which, unlike employment, cannot be lost and which are routinely protected by indexing mechanisms). Still, if only active households had been considered, families with more children would presumably be shown to have been relatively more affected by the trend toward poverty. This is confirmed to the extent that adults who have received less education tend to have more children than do those who are more skilled and that the demand for skilled labour has risen during the transition, while the demand for unskilled labour has waned.

Family allowances might be able to offset these trends somewhat if their value relative to wages were increased. However, this has not occurred anywhere in the region. Still, family allowances may help relieve the relative poverty among families with children if their value increases more quickly than does the minimum wage (or the wages of low-wage households) or if unemployment is on the rise. Though few longitudinal surveys provide evidence for this in the region, a pioneer study (van de Walle, Ravallion and Gautam 1994) has found that between 1989 and 1991 family allowances proved effective in keeping households out of poverty in Hungary, where they have always been relatively generous. The scope for family allowances to perform such a function is manifest to the degree that, though the share of the poor in the total population is large in the region, the poverty "gap" is fairly shallow (UNICEF-ICDC 1994). By the same token, in countries like Bulgaria, where family allowances were once generous but have recently lost much of their relevance, the fall in income assistance may be partly responsible for an upsurge in relative poverty among those who most rely on the allowances, such as families with many children and single-mother families.

The more family allowance schemes are viewed as weapons in the fight against poverty rather than as tools in endeavours to equalize wages or achieve other policy objectives, the more they must be targeted at the poor. While the goal of using these schemes to protect all families with children from wage- and employment-related problems may have

been abandoned, at least the schemes can be employed to protect those most in need.

Thus far only Slovakia has made a serious attempt to target benefits according to total family income. That no other country has done so should not be surprising. With the transition, the potential difference between wages and overall family income has grown, and the share of wages in the total income of families has become less predictable. The existence of a comprehensive and efficient income tax system therefore appears to be a precondition if targeting is to be based on household incomes. However, either income tax systems have yet to be introduced, or, if they have been introduced, they have not yet become sufficiently sophisticated for use as instruments to help target benefits (Jarvis and Micklewright 1992).

Other methods of means-testing would probably be too costly or complicated. However, lacking appropriate tax systems or the wherewithal to cover the administrative costs of implementing more precise approaches, countries like Hungary have relied on targeting methods which are relatively likely in a more purely statistical sense to succeed in reaching poorer households. For example, since poorer families tend to have more children than do richer ones, one such method provides allowances according to the number of children in the family. This and similar techniques typically cost less to employ and are fairly safe from abuse. On the other hand, they are certainly subject to errors. Thus, in the above example, families which have many children but which also receive high earnings might also end up obtaining substantial benefits. Nonetheless, it might also be possible to develop a compromise in means-testing between demographic and income tests (Sipos 1994).

Other groups which are subject to specific risks are increasingly being targeted through means-tested assistance benefits provided by local authorities. Regular programmes offering means-tested benefits have been undertaken in some countries to reach the long-term unemployed. Albania and Hungary offer typical examples. However, such programmes may encourage people to refuse low-wage jobs so that they will not lose the benefit. The existence of family support schemes lessens the need to rely on such problematic initiatives.

2. **Temporary income assistance schemes** which provide short-term support for the solution of family-related problems such as the temporary loss of earnings due to pregnancy, the care of a sick child or infant care have fared better than have more permanent income assistance schemes. Short-term schemes tend to reach more low-income groups than do family allowances. Their effectiveness in reducing relative poverty, especially temporary poverty, may be growing. However, diminishing insurance coverage and, in some countries, changes in providers or declining wage-replacement rates represent barriers.

3. **Housing assistance schemes** have not yet been completely abandoned, but they have also not been adapted to current conditions. Central governments have transferred the responsibility for rent subsidies to local authorities. National rent subsidy programmes through which families with children can receive assistance no longer exist. National programmes now tend to offer only housing investment grants.

Abandoning Incentives Designed to Boost Fertility Rates

The pronatalist element has been disregarded in family support policies in most countries despite the fact that fertility rates have fallen below the levels necessary even to maintain populations constant over the long term. Total fertility rates in the region (aside from Albania) ranged from 1.83 (Hungary) to 2.33 (Poland) in 1985. By 1993 the range had dropped to between 1.44 (Bulgaria) and 1.93 (Slovakia). Thus, in no country were women having enough children to "replace" themselves and their male partners in the population.

This has had several causes. At the onset of the transition, expectations were high that living standards would improve quickly, and "individualism" was on the rise. Nonetheless, many people were postponing marriage and childbearing because of economic hardship. Many could not even find decent jobs. Within a short time the confidence in a "quick fix" disappeared. As a result, crude marriage rates fell by 35 to 40 percent in Bulgaria, Hungary and Romania and close to 30 percent in the Czech Republic, Poland, Russia and Slovakia after 1989. This has been largely responsible for the drop in fertility rates. Meanwhile, death rates have been climbing in many countries.

Under the Communists, the pronatalist approach was already being viewed with scepticism in many countries. In some countries, like Romania, pronatalism was entirely discredited because of the brutal measures employed by Communist regimes to achieve higher fertility rates. The Polish Government adopted a "hands off" policy in fertility matters long before the transition, and in the 1980s governments in Czechoslovakia and the USSR took a neutral stance toward population growth (Klinger 1990).

The discontinuation of population policy incentives—perhaps economically justifiable over the short run and perhaps even more reasonable over the longer run—may further deepen the emerging population crisis. People have come to depend on such incentives, and they may need time to adjust to the new realities. However, experience has shown that temporary conditions which tend to put downward pressure on fertility can also have long-

term effects. While immigration may somewhat offset the impact of declining fertility rates on the labour force, long-term population decline remains a problem for family policy.

Responsiveness to Child Health and Development

1. **Kindergarten** enrolment rates tend to drop as female employment rates decline and enterprises withdraw from social welfare initiatives. The downturn in preschool attendance in almost all countries is a very unfavourable outcome of the transition, especially in terms of child development. The potential positive impact of the transfer of the management of childcare facilities from enterprises to municipalities has been weakened by problems in financing everywhere except in Hungary. Sharp increases in kindergarten fees may result in the exclusion of those children most in need. Fees for such "merit goods" are justified only if additional coverage is financed through the fees and if this additional coverage offsets the losses in coverage due to the higher fees. As this has not been the case, efforts may have to be undertaken to encourage extra local financing by, for instance, offering attractive tax incentives. Wider support might also promote greater coverage.
2. The replacement of **nursery care** with care provided at home by family members who are taking advantage of parental leaves may actually be a positive outcome in terms of child development and perhaps even child health. Research has shown that young children thrive on constant contact with their mothers and a family environment.
3. **Food and nutrition programmes.** Because of the negative trends in poverty, urgent action is required to bolster maternal and child health and child development. Recent research has revealed serious nutritional imbalances and micronutrient deficiencies among women and children in the region. Undernutrition may even be growing among pregnant women and teenagers in low-income groups (UNICEF-ICDC 1994). Feeding programmes in nurseries and educational institutions will be of increasing importance. Local school canteen subsidies and free-milk programmes should not be cut back.
4. **Employment and income support schemes** can be efficient tools in efforts to enhance maternal and child health and child development. While cutbacks in maternity benefits and more strict eligibility requirements for maternity and sick child leaves may save governments a little money, they may also have very undesirable consequences on health and nutrition. The incidence of low birthweight among the newborn, a highly sensitive indicator of the nutritional and health status of mothers, has been rising rather rapidly in Bulgaria and

Romania and somewhat more moderately, but still significantly, in the Czech Republic and Russia (and in Slovakia at least until 1991, the last year for which data are available). Meanwhile, due to other factors, it was steady at a fairly high level in Poland and was falling slowly from high levels in Hungary (UNICEF-ICDC 1994). Normally, women who have become pregnant need to raise their daily calorie intake considerably. However, because of the worsening economic situation, many young mothers in Central and Eastern Europe may be tempted to save money by scaling back their consumption of food.

On the other hand, important goals could be realized through relatively small increases in public expenditures. For example, the eligibility requirements for birth grants ought to involve predelivery checkups, or pregnancy screening. However, "large systems" often overlook the somewhat special case. Thus, when sick-pay benefits have been trimmed, the special case of pregnant women, who should take fairly frequent sick leaves but who represent a relatively small group statistically, has often been overlooked. Similarly, when food subsidies have been eliminated, the subsidies for baby food, a negligible item in terms of overall national accounts but an important item for babies at a specific period in their development, especially in poor, "cold" countries, have been cut as well.

In a few countries, mostly those with economies in which traditional agriculture is important, child labour has once more become common. Because of slack government supervision and the greater scope for unregulated labour practices, primary education enrolment rates have declined in Central and Eastern Europe. In Albania, Bulgaria and Romania the decline in net enrolment rates has reached 4 to 8 percent. Among these three countries, only Romania has tied eligibility for the universal family allowance benefit to primary school enrolment by the child.

This and other examples demonstrate that the family support schemes inherited from past governments may be transformed into efficient tools of public policy today. Nonetheless, family policy has generally been downgraded among the priorities of the current governments, which have shouldered the enormous political and economic burdens of the transition and responsibility for perhaps the most challenging social change undertaken anywhere in this century. However, this should not be allowed to become an excuse for abandoning responsibility for the current welfare and future well-being of new generations.

BIBLIOGRAPHY

- Ahmad, Ehtisham (1992), "Poverty, Inequality and Public Policy in Transition Economies". *Public Finances/Finances Publiques*, Vol. 47 (1992), pages 94-106.
- Andorka, Rudolf, Tamàs Kolosi and György Vukovich (1992), *Társadalmi riport 1992* ("Social Report 1992"). Budapest: Tàrki.
- Atkinson, Anthony B., and John Micklewright (1992), *Economic Transformation in Eastern Europe and the Distribution of Income*. Cambridge, UK: Cambridge University Press.
- Balcerzak-Paradowska, Bożena, and Bożena Kolaczek (1994), "State Policy on Family, Children and Youth", pages 43-68 in ILSS (1994), "Social Policy and Social Conditions in Poland, 1989-1993". *Occasional Papers*, No. 4. Warsaw: Institute of Labour and Social Studies.
- Barr, Nicholas (1992), "Income Transfers and the Social Safety Net in Russia". *Studies of Economies in Transformation*, No. 4 (September). Washington, DC: World Bank.
- Cantillon, Bea (1992), "Socio-demographic Changes and Social Security", pages 7-38 in "Social Security and Changing Family Structures". *Studies and Research*, No. 29. Geneva: International Social Security Association.
- CEC (1988), *Compendium of Community Provisions on Social Security*, 3rd edition. Luxembourg and Brussels: Directorate-General for Employment, Social Affairs and Education, Commission of the European Communities.
- _____ (1991), "Background Report: Childcare in the European Community". No. ISEC/B30/91 (3 November). London: Commission of the European Communities.
- _____ (1993), "Central and Eastern Europe: Employment Trends and Developments". *Employment Observatory*, No. 5 (December). Brussels: Directorate-General for Employment, Industrial Relations and Social Affairs, Commission of the European Communities.
- Chernozemski, Ivan (1991), "Children and the Transition to the Market Economy in Bulgaria: 'Shock Therapy' with a Difference", pages 123-48 in Cornia and Sipos (1991).
- Chu, K., and G. Schwartz (1994), "Output Decline and Government Expenditures in European Transition Countries". Washington, DC: International Monetary Fund. Mimeo (January).
- Cornia, Giovanni Andrea (1990), "Child Poverty and Deprivation in Industrialized Countries: Recent Trends and Policy Options". *Innocenti Occasional Papers*, Economic Policy Series, No. 2 (March). Florence: UNICEF International Child Development Centre.
- _____ (1994), "Poverty, Food Consumption and Nutrition during the Transition to the Market Economy in Eastern Europe". *AEA Papers and Proceedings*, Vol. 84, No. 2 (May).

- Cornia, Giovanni Andrea, and Sándor Sipos (eds) (1991), *Children and the Transition to the Market Economy: Safety Nets and Social Policies in Central and Eastern Europe*. Aldershot, UK: Avebury.
- CSFSO (1991), *Statistická Ročenka '91* ("Statistical Yearbook 1991"). Prague: Czechoslovak Federal Statistical Office. -In Czech.-
- David, Henry P., and Robert J. McIntyre (1981), *Reproductive Behaviour: Central and Eastern European Experience*. New York: Springer Publishing Company.
- Dumon, W. (ed.) (1989), "Family Policy in EEC Countries". Brussels: Directorate General for Employment, Social Affairs and Education, Commission of the European Communities. Mimeo (Leuven, 31 August).
- Dunovský, J. (1990), "The Children in Eastern Europe". Prague. Mimeo.
- Fajth, Gáspár, and Judit Lakatos (1994), "Labour Market Policies and Some Aspects of Long-term Unemployment", pages 169-95 in OECD-CCET (1994).
- Fajth, Gáspár, and Laszlo Vita (1992), "Income Trends and Social Policy Developments in Hungary". Paper prepared for the "Luxembourg Income Study Meeting", Luxembourg, 13-15 July 1992. Mimeo.
- Ferge, Zsuzsa (1993), "Új társadalmi szerződés kell" ("A New Social Contract is Needed"). *Társadalmi Szemle*, No. 1993/8-9. -In Hungarian.-
- GOA and UNICEF (1993), "Children and Women of Albania: A Situation Analysis, 1993". Tirana: Government of Albania and UNICEF-Tirana. Draft.
- GOR (1993), "A Critical Assessment of the Romanian Social Assistance System", pages 38-41 in GOR (1993), "White Paper. The Social Assistance System of Romania: Description, Assessment and Options for Reform". Bucharest: Ministry of Labour and Social Protection. Mimeo (July).
- Gordon, Margaret S. (1988), *Social Security Policies in Industrial Countries*. Cambridge, UK: Cambridge University Press.
- Himes, James R., Cassie Landers and Joanne Leslie (1992), "Women, Work and Childcare: Innocenti Global Seminar Summary Report". Florence: UNICEF International Child Development Centre and Spedale degli Innocenti.
- ILO (1988), "Work and Family: The Childcare Challenge". *Conditions of Work Digest*, Vol. 7, No. 2. Geneva: International Labour Organization.
- Jarvis, Sarah J., and John Micklewright (1992), "The Targeting of the Family Allowance in Hungary". Paper prepared for the World Bank conference "Public Expenditures and the Poor: Incidence and Targeting", Washington, DC, 17-19 June. Mimeo (May).

- Johnson, Alice K., Richard L. Edwards and Hildegard Puwak (1993), "Foster Care and Adoption Policy in Romania: Suggestions for International Intervention". *Child Welfare*, Vol. LXXII, No. 5 (September-October).
- Kamerman, Sheila B., and Alfred J. Kahn (1981), *Childcare, Family Benefits and Working Parents: A Study in Comparative Family Policy Analysis*. New York: Columbia University Press.
- _____ (1988), "Social Policy and Children in the United States and Europe", pages 351-80 in J.L. Palmer, T. Smeeding and B. Torrey (eds) (1988), *The Vulnerable*. Washington, DC: Urban Institute Press.
- _____ (1991), "Government Expenditures for Children and Their Families in Advanced Industrialized Countries, 1960-85". *Innocenti Occasional Papers, Economic Policy Series*, No. 20 (September). Florence: UNICEF International Child Development Centre.
- Klinger, András (1990), "Integration of Population Policies and Socioeconomic Policies: Eastern Europe". Paper prepared for the "First Informal Working Group Meeting on Integration of Population Policies and Socioeconomic Policies", Varna, Bulgaria, 7-9 May 1990.
- Kolberg, Jon Eivind (1993), "Surviving Transition: Social Welfare Safety Nets for Children and Families in Central and Eastern European Countries". Keynote speech for the "Parliamentarian Workshop" organized by UNICEF and the Hungarian Interparliamentary Group, Budapest, 19-21 March. Mimeo.
- Köllő, János (1992), "A jogosultsági hatás" ("The Entitlement Effect"). *Beszélő*. -In Hungarian.-
- Kostecki, Henryk (1990), "Evolution of Family Policy with Respect to Family Allowance Schemes", pages 81-100 in "Evolution of Family Policy in the Light of Demographic Development". *Social Security Documentation, European Series*, No. 16. Geneva: International Social Security Association.
- Kovařík, Jiří (1994), "The Space and Time of Children at the Interface of Psychology and Sociology", pages 101-22 in Jens Qvortrup, Marjatta Bardy, Giovanni Sgritta and Helmut Wintersberger (eds) (1994), "Childhood Matters: Social Theory, Practice and Politics". *Public Policy and Social Welfare*, Vol. 14. Aldershot, UK: Avebury.
- KSH (1991), *Magyar Statisztikai Évkönyv 1990* ("Hungarian Statistical Yearbook 1990"). Budapest: Central Statistical Office. -In Hungarian.-
- Kupa, Mihály, and Gáspár Fajth (1990), "Incidence Study '90: The Hungarian Social Policy Systems and Distribution of Incomes of Households". Budapest: Central Statistical Office and Ministry of Finance. Mimeo.
- Milanovic, Branko (1992), "Distributional Impact of Cash and In-kind Transfers in Eastern Europe and Russia". *Research Paper Series*, No. 9 (June). Washington, DC: Socialist Economies Reform Unit, Country Economics Department, World Bank.

Nell, Jacob, and Kitty Stewart (1994), "Proximate and Underlying Causes of the Health Crisis in Russia, 1989-94". Florence: UNICEF International Child Development Centre. Draft (Moscow, May).

____ (forthcoming), "Death in Transition: The Rise in the Death Rate in Russia since 1992". *Innocenti Occasional Papers, Economic Policy Series*, No. 45 (December 1994). Florence: UNICEF International Child Development Centre.

Népszabadság ("People's Freedom") (1994). Budapest. -Newspaper article in the issue of 6 September.- -In Hungarian.-

Novák, Jaroslav (1994), -No title.- Florence: UNICEF International Child Development Centre. Mimeo. -National report for MONEE furnished through Czech Statistical Office.-

OECD-CCET (1994), *Unemployment in Transition Countries: Transient or Persistent?*. Paris: Centre for Cooperation with the Economies in Transition, Organization for Economic Cooperation and Development.

Riazantsev, Alexandr, Sándor Sipos and Oleg Labetsky (1992), "Child Welfare and the Socialist Experiment: Social and Economic Trends in the USSR, 1950-90". *Innocenti Occasional Papers, Economic Policy Series*, No. 24 (February). Florence: UNICEF International Child Development Centre.

Rutkowska, Izabela (1991), "Public Transfers in Socialist and Market Economies". *Research Paper Series*, No. 7 (December). Washington, DC: Socialist Economies Reform Unit, Country Economics Department, World Bank.

Rutkowski, Jan (1991), "Social Expenditures in Poland: Major Programmes and Recent Trends". *Research Paper Series*, No. 1 (December). Washington, DC: Socialist Economies Reform Unit, Country Economics Department, World Bank.

Sipos, Sándor (1991), "Current and Structural Problems Affecting Children in Central and Eastern Europe", pages 3-33 in Cornia and Sipos (1991).

____ (1994), "Income Transfers: Family Support and Poverty Relief", pages 226-59 in Nicholas Barr (ed.) (1994), *Labour Markets and Social Policy in Central and Eastern Europe: The Transition and Beyond*. New York: Oxford University Press.

Szalai, Júlia (1989), "Poverty in Hungary during the Period of Economic Crisis". Budapest. Mimeo.

____ (1992), "Social Policy and Child Poverty: Hungary since 1945". *Innocenti Occasional Papers, Economic Policy Series*, No. 32 (October). Florence: UNICEF International Child Development Centre.

UN (1989), "Trends in Population Policy". *Population Studies*, No. 114. New York: Department of International Economic and Social Affairs, United Nations.

- _____ (1990), "World Population Policies, Volume III: Oman to Zimbabwe". *Population Studies*, No. 102/Add. 2. New York: Department of International Economic and Social Affairs, United Nations.
- UNECE (1994), *Economic Survey of Europe in 1993-1994*. Geneva: United Nations Economic Commission for Europe.
- UNICEF-ICDC (1993), "Public Policy and Social Conditions". *Economies in Transition Studies*, Regional Monitoring Report, No. 1 (November). Florence: UNICEF International Child Development Centre.
- _____ (1994), "Crisis in Mortality, Health and Nutrition". *Economies in Transition Studies*, Regional Monitoring Report, No. 2 (August). Florence: UNICEF International Child Development Centre.
- van de Walle, Dominique, Martin Ravallion and Madhur Gautam (1994), "How Well Does the Social Safety Net Work?: The Incidence of Cash Benefits in Hungary, 1987-89". *Living Standards Measurement Study Working Paper*, No. 102 (April). Washington, DC: World Bank.
- Vaughan-Whitehead, Daniel (1993), "Minimum Wage in Central and Eastern Europe: Slippage of the Anchor". *ILO-CEET Reports*, No. 7. Budapest: Central and Eastern European Team, International Labour Organization.
- Vekerdy, Tamás (1981), "Óvodák". *Valóság*, No. 2. Cited in Szalai (1992), page 22.
- World Bank (1992a), *Russian Economic Reform: Crossing the Threshold of Structural Change*. Washington, DC: World Bank.
- _____ (1992b), "Ukraine: Employment, Social Protection and Social Spending in the Transition to a Market Economy". *Report*, No. 11176-UA. Washington, DC: World Bank.
- Zimakova, Tatiana (1994), "A Fragile Inheritance: Family Policy in a Changing Eastern Europe". *Research Report*, No. 94-311 (May). Ann Arbor, MI: Population Studies Centre, University of Michigan.

UNICEF INTERNATIONAL CHILD DEVELOPMENT CENTRE
ECONOMIC AND SOCIAL POLICY RESEARCH PROGRAMME

**INNOCENTI OCCASIONAL PAPERS
ECONOMIC POLICY SERIES**

The Economic Policy Series consists of thorough and self-contained analytical reports that usually serve as background documentation for the main research projects currently being carried out within the Economic and Social Policy Research Programme of the ICDC.

The papers in the series (ISSN 1014-7837) are all available in English. Price: \$8 each.

For more information or to order papers in the Economic Policy Series, write the Economic and Social Policy Research Group, UNICEF-ICDC, Piazza SS. Annunziata 12, 50122 Florence, Italy. Please accompany all orders with a nontransferable cheque made out to UNICEF.

- EPS 1 *Economic Decline and Child Survival: The Plight of Latin America in the Eighties.* Teresa Albanez, Eduardo Bustelo, Giovanni Andrea Cornia and Eva Jespersen. Special Subseries: "Fiscal Policy and the Poor". (March 1989).
- EPS 2 *Child Poverty and Deprivation in Industrialized Countries: Recent Trends and Policy Options.* Giovanni Andrea Cornia. Special Subseries: "Child Poverty in Industrialized Countries". (March 1990). Also available in French and Spanish.
- EPS 3 *Education, Skills and Industrial Development in the Structural Transformation of Africa.* Sanjaya Lall. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (July 1990).
- EPS 4 *Rural Differentiation, Poverty and Agricultural Crisis in Sub-Saharan Africa: Toward An Appropriate Policy Response.* Giovanni Andrea Cornia and Richard Strickland. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (July 1990).
- EPS 5 *Increased Aid Flows and Human Resource Development in Africa.* Paul Mosley. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (August 1990).
- EPS 6 *Child Poverty and Deprivation in Italy: 1950 to the Present.* Chiara Saraceno. Special Subseries: "Child Poverty in Industrialized Countries". (September 1990). Also available in Italian.
- EPS 7 *Toward Structural Transformation with a Human Focus: The Economic Programmes and Policies of Zambia in the 1980s.* Venkatesh Seshamani. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (October 1990).
- EPS 8 *Child Poverty and Deprivation in the UK.* Jonathan Bradshaw. Special Subseries: "Child Poverty in Industrialized Countries". (October 1990).
- EPS 9 *Adjustment Policies in Tanzania, 1981-1989: The Impact on Growth, Structure and Human Welfare.* Jumanne H. Wagao. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (October 1990).
- EPS 10 *The Causes and Consequences of Child Poverty in the United States.* Sheldon Danziger and Jonathan Stern. Special Subseries: "Child Poverty in Industrialized Countries". (November 1990).
- EPS 11 *The Fiscal System, Adjustment and the Poor.* Giovanni Andrea Cornia and Frances Stewart. Special Subseries: "Fiscal Policy and the Poor". (November 1990).
- EPS 12 *The Health Sector and Social Policy Reform in the Philippines since 1985.* Wilfredo G. Nuqui. Special Subseries: "Fiscal Policy and the Poor". (January 1991).

INNOCENTI OCCASIONAL PAPERS ECONOMIC POLICY SERIES

- EPS 13 *The Impact of Economic Crisis and Adjustment on Health Care in Mexico*. Carlos Cruz Rivero, Rafael Lozano Ascencio and Julio Querol Vinagre. Special Subseries: "Fiscal Policy and the Poor". (February 1991).
- EPS 14 *Structural Adjustment, Growth and Welfare: The Case of Niger, 1982-1989*. Kiari Liman-Tingui. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (March 1991).
- EPS 15 *The Impact of Self-Imposed Adjustment: The Case of Burkina Faso, 1983-1989*. Kimseyinga Savadogo and Claude Wetta. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (April 1991).
- EPS 16 *Liberalization for Development: Zimbabwe's Adjustment without the Fund*. Robert Davies, David Sanders and Timothy Shaw. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (May 1991).
- EPS 17 *Fiscal Shock, Wage Compression and Structural Reform: Mexican Adjustment and Educational Policy in the 1980s*. Fernando Valerio. Special Subseries: "Fiscal Policy and the Poor". (June 1991).
- EPS 18 *Patterns of Government Expenditure in Developing Countries during the 1980s: The Impact on Social Services*. Beth Ebel. Special Subseries: "Fiscal Policy and the Poor". (July 1991).
- EPS 19 *Ecuador: Crisis, Adjustment and Social Policy in the 1980s*. The Ecuadorian Centre of Social Research. Special Subseries: "Fiscal Policy and the Poor". (August 1991).
- EPS 20 *Government Expenditures for Children and Their Families in Advanced Industrialized Countries, 1960-85*. Sheila B. Kamerman and Alfred J. Kahn. Special Subseries: "Child Poverty in Industrialized Countries". (September 1991).
- EPS 21 *Is Adjustment Conducive to Long-term Development?: The Case of Africa in the 1980s*. Giovanni Andrea Cornia. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (October 1991).
- EPS 22 *Children in the Welfare State: Current Problems and Prospects in Sweden*. Sven E. Olsson and Roland Spånt. Special Subseries: "Child Poverty in Industrialized Countries". (December 1991).
- EPS 23 *Eradicating Child Malnutrition: Thailand's Health, Nutrition and Poverty Alleviation Policy in the 1980s*. Thienchay Kiranandana and Kraisd Tontisirin. Special Subseries: "Fiscal Policy and the Poor". (January 1992).
- EPS 24 *Child Welfare and the Socialist Experiment: Social and Economic Trends in the USSR, 1950-90*. Alexandr Riazantsev, Sándor Sipos and Oleg Labetsky. Special Subseries: "Child Poverty in Industrialized Countries". (February 1992).
- EPS 25 *Improving Nutrition in Tanzania in the 1980s: The Iringa Experience*. Olivia Yambi and Raphael Mlolwa. Special Subseries: "Fiscal Policy and the Poor". (March 1992).
- EPS 26 *Growth, Income Distribution and Household Welfare in the Industrialized Countries since the First Oil Shock*. Andrea Boltho. Special Subseries: "Child Poverty in Industrialized Countries". (April 1992).
- EPS 27 *Trends in the Structure and Stability of the Family from 1950 to the Present: The Impact on Child Welfare*. Chiara Saraceno. Special Subseries: "Child Poverty in Industrialized Countries". (May 1992).

**INNOCENTI OCCASIONAL PAPERS
ECONOMIC POLICY SERIES**

- EPS 28 *Child Poverty and Deprivation in Portugal: A National Case Study*. Manuela Silva. Special Subseries: "Child Poverty in Industrialized Countries". (June 1992).
- EPS 29 *Poverty Measurement in Central and Eastern Europe before the Transition to the Market Economy*. Sándor Sipos. Special Subseries: "Child Poverty in Industrialized Countries". (July 1992).
- EPS 30 *The Economics of Disarmament: Prospects, Problems and Policies for the Disarmament Dividend*. Saadet Deger. Special Subseries: "Fiscal Policy and the Poor". (August 1992).
- EPS 31 *External Debt, Fiscal Drainage and Child Welfare: Trends and Policy Proposals*. Stephany Griffith-Jones. Special Subseries: "Fiscal Policy and the Poor". (September 1992).
- EPS 32 *Social Policy and Child Poverty: Hungary since 1945*. Júlia Szalai. Special Subseries: "Child Poverty in Industrialized Countries". (October 1992).
- EPS 33 *The Distributive Impact of Fiscal and Labour Market Policies: Chile's 1990-1 Reforms*. Mariana Schkolnik. Special Subseries: "Fiscal Policy and the Poor". (November 1992).
- EPS 34 *Changes in Health Care Financing and Health Status: The Case of China in the 1980s*. Yu Dezhi. Special Subseries: "Fiscal Policy and the Poor". (December 1992).
- EPS 35 *Decentralization and Community Participation for Improving Access to Basic Services: An Empirical Approach*. Housainou Taal. Special Subseries: "Fiscal Policy and the Poor". (January 1993).
- EPS 36 *Two Errors of Targeting*. Giovanni Andrea Cornia and Frances Stewart. Special Subseries: "Fiscal Policy and the Poor". (March 1993).
- EPS 37 *Education and the Market: Which Parts of the Neoliberal Solution are Correct?*. Christopher Colclough. Special Subseries: "Fiscal Policy and the Poor". (July 1993).
- EPS 38 *Policy and Capital Market Constraints to the African Green Revolution: A Study of Maize and Sorghum Yields in Kenya, Malawi and Zimbabwe, 1960-91*. Paul Mosley. Special Subseries: "Structural Adjustment in Sub-Saharan Africa". (December 1993).
- EPS 39 *Tax Reforms and Equity in Latin America: A Review of the 1980s and Proposals for the 1990s*. Ricardo Carciofi and Oscar Cetrángolo. Special Subseries: "Fiscal Policy and the Poor". (January 1994).
- EPS 40 *Macroeconomic Policy, Poverty Alleviation and Long-term Development: Latin America in the 1990s*. Giovanni Andrea Cornia. Special Subseries: "Approaches to Poverty Alleviation". (February 1994).
- EPS 41 *Réformes Fiscales, Génération de Ressources et Équité en Afrique Subsaharienne durant les Années 1980*. Kiari Liman-Tingiri. Special Subseries: "Fiscal Policy and the Poor". (March 1994). Available in French.
- EPS 42 *Tax Reform and Equity in Asia: The Experience of the 1980s*. Andrea Manuelli. Special Subseries: "Fiscal Policy and the Poor". (April 1994).
- EPS 43 *Family Support Policies in Transitional Economies: Challenges and Constraints*. Gáspár Fajth. Special Subseries: "Economies in Transition". (August 1994).



International Child Development Centre

Piazza S.S. Annunziata, 12
50122 Florence, Italy
Tel. 3955-234-5258 - Fax 3955-244817
Telex 572297 UNICEF I