THE MARKET MODEL OF SOCIAL POLICY AND ITS IMPLEMENTATION IN BULGARIA

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Social policy has rarely been the object of scientific studies in Bulgarian scholarly literature. This is not simply a deficiency in science. It follows from the special role that this kind of intervention in social processes played during the 1990s, the time of the radical transformation of the Bulgarian social system and its transition to democracy and a market economy. During that period, in the public governance of the country, values and ideas were adopted according to which social policy generally leads to ill success for the market and the economy, and should hence be applied only in the form of compensations for the socially disadvantaged strata of society. The idea that social policy may be applied in the general governance of social processes in order to achieve a desirable state of society vanished both from scientific research and from public debate.

At that time, and even a little earlier, a similar set of problems came to prevail in the focus of scientific literature across the world. The reduction of the amount of research on social policy went simultaneously with the actual "retrenchment" [1] of the Western welfare state. Which of the two trends was the factor, and which the variable, is not a topic of this article. The obvious fact is that during the 1980s, the ideas and practices of public governance under conditions of a market economy and political democracy changed the trajectory set to them in the postwar period. Precisely this approach, marked by the concept of "retrenchment", was adopted in Bulgaria and in all countries of Central and Eastern Europe (CEE) in the course of radical social transformation in the 1990s.

This article aims to explain this policy approach, to demonstrate that it has been applied to Bulgarian social policy, and to describe its impacts. At a theoretical level, this involves addressing several research questions.

The first question concerns the definition of social policy. For a number of reasons, the term has been strongly charged with ideology. It is traditionally associated either with left-wing political ideology or with the practices of public governance under conditions of state socialism. Such a connection of the term is inconsistent with the wide use of the instruments of social policy in the public governance of capitalism as well, or with the fact that a large part of the reforms there are conducted by right-wing politicians and are supported through right-wing ideas.

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The second question concerns the models of social policy and their connection to the social context in which they are shaped. This question itself calls for comprehensive study, due to the large amount of literature seeking to answer it. It touches foremost on the idea that various forms of social policy exist within the framework of capitalism. This topic has drawn the attention of many researchers and underlies the concepts of families of nations (Flora 1986; Obinger & Wagschal 2001), social policy regimes (Esping-Andersen 1990), varieties of capitalism (Hall & Soskice 2001), etc. These concepts, however, concern the varieties of economic and social policies based on the practices of a specific period of the Western welfare states (the 1950s-1970s). They see difference as connected to territorial location and seek an explanation for it. This scientific trend is very important as it underlies the comparative studies and the identification of policy factors. In order to explain the development of social policy in Bulgaria, however, and to outline the Bulgarian model, it is necessary to clarify the differences between social policy models in the temporal aspect. This means identifying the stages of the development of capitalism and deducing the specific features of public governance that accompanies those stages. No such comprehensive study exists in literature to date. There are many studies that delineate the model of social policy at the time of the spread of industrial capitalism (Ginsburg 1979; Fraser 1992), the transition to active state intervention in the economy and social life after the Great Depression and especially after World War 2 (Dobbin 1993; Amenta & Carruthers 1988; Ferguson 1984) and finally, the transition to a market model of public governance [2] during the 1980s (Frederickson 1980; Bonoli 2007). In this article, we are interested in the recurrent characteristics of social policy, which we find in all countries with a market economy and political democracy in these periods, and especially in the last mentioned. The thesis upheld in this paper is that there are temporal models of public governance, and more concretely, of social policy, which, regardless of their particularities in the different families of nations, determine the practices and direction of reform. In order to explain the Bulgarian model, it is not important (or at least not most important) that there was a difference between the social policy of Germany and that of Great Britain at the time of its emergence, but that this model was constructed in the 1990s, when both these countries were undertaking reforms towards a market model of social policy, and adopted the then prevalent approaches to public governance. When explaining the processes in Bulgaria, the temporal aspect of the varieties of public governance under capitalism outweighs the territorial aspect.

The theoretical questions thus formulated determine the structure of this article. In the first part, an attempt is made to define social policy. In the second, the models of social policy are identified, the particularities of the market model are explained, as well as the factors of its dissemination. In the third part, we analyze the social policy of Bulgaria and seek to expose its correspondence to the market model. In the conclusion, the prospects of the Bulgarian model of social policy are inferred.

Social policy as an instrument of public governance

There is no generally accepted concept of social policy, just as there is no common approach to its study. At least two problems stand in the way of establishing a universally valid concept. The first of these is related to policies in general. By the concept of policies, we designate the activities of public authorities for achieving certain goals and solving concrete public problems. The content of the word answers the question, "what do the public authorities undertake?". The scientific problem stems from the fact that the public authorities, at different times and in different social environments, undertake different actions, so that defining policies in terms of the content of the concrete measures does not enable identifying the specificities of policies. For instance, one of the best-known and most influential comparative study on social policies in Western countries connects social policy to the so-called "decommodification", and thereby reduces it to its protective function for labor and social groups dependent on realizing their labor on the market (Esping-Andersen 1990). Since the measures for decommodification are not sufficiently developed in the USA, this view on social policy leads to the conclusion that it is not used there to achieve public goals. If, however, we introduce a different meaning of social policy, and link it to support for disadvantaged groups, then US policy appears exceptionally well developed [3], unlike that of Germany. Studies have shown that if we consider negative taxation applied in the US, expenditures of social policy in that country seem quite comparable with those in Western Europe (Alber, 2006).

The defining of policies and their classification (including institutional) under different spheres or areas is possible only through a clear definition of their target of impact. Such an approach solves the problem as concerns the so-called sector policies. The sector, which is the relatively separate segment of the economy in which the reproduction of a given commodity or service is enclosed, outlines a clear sphere of impact (e.g., tourism, agriculture, education, etc.). However, this does not apply to horizontal policies, which are not concentrated in a given sector but are meant to achieve goals (oftentimes through simultaneous impacts on several connected sectors). In general, all policies achieve goals, but in this case, the reference is to the leading purpose for conducting a policy: sector policies aim at maintaining sector reproduction and in this sense can be measured in a far clearer way. Horizontal policies have no preset goal – they are meant to introduce into public governance some viewpoint, some notion as to the necessary development of processes in society as a whole. In their case, the values aspect is much more pronounced. Social policy is a horizontal policy – not by the way it is formulated (which is a different matter), but because it influences all sectors and, ultimately, society as a whole.

The attempt to define social policy on the basis of the object which it impacts implies a previous clear identification of the "social", understood as relations and links between social groups and strata. Such an approach is widespread in French-language literature, which, following in the tradition of Pierre Bourdieu (Bourdieu, 1980), defines, often implicitly, social policy in terms of the maintenance of social cohesion (Béland, 2002). This is rather a sociological approach to social policy; it has a tradition behind it and cognitive value as well.

The maintenance of social ties through political power most often comes in response to existing social conflicts. This was the basic reason for the introduction of social security in Imperial Germany during the 1880s, as well as for the reforms in US social policy during the 1960s. The current events in France (President Macron's reforms) were also provoked by such social facts (the "yellow jackets" protests). At the same time, not every change and innovation in social policy can be explained in this way. The mechanisms of state regulation through social policy that appeared and were applied throughout the Western world in the period after the Great Depression and up to the mid-1970s were not provoked by any significant social conflict. Nor are they explainable in terms of the political hegemony of certain (wide-scale) social interests. On the contrary, they became possible based on an existing public consensus as to the goals of development and how to achieve those goals. This period is connected with the appearance of a different approach to explaining social policy. From an instrument for achieving social cohesion by overcoming social conflict, it turned rather into an instrument of management of social, including economic, processes. With this approach, social policy becomes a possible stimulus for economic development. The ideas that are given the greatest weight are those that believe the relations between the free economy and the actions of political power are relations of full reciprocity and mutual dependence (Polanyi, 1944). Social policy is defined in terms of the changes it provokes with regard to individual economic activities and the competition between them (Marshall, 1950). True, this is an instrumental approach: from social rights for a social class, a shift is made to social rights for citizens. In fact, the transition of ideas is even greater: it involves a different view as to what the social policy should impact. If it impacts only the social structure, then its influence is only partial and concerns only a certain aspect of social development. If the social policy is aimed at the whole social system, including the economy, then its impact concerns development in general. A social policy whereby social peace is attained and a social policy whereby the social system is guided in a certain direction are two concepts that set different approaches. In the former case, social policy has a precise target of impact and plays mostly an auxiliary role: it solves problems. In the latter case, it is an instrument of management of social processes, and is used to attain goals.

If we turn to Thomas Marshall’s definition, according to which "social policy is that which changes the economy" (Marshall, 1975), then there is a great likelihood social policy will be equated with any intervention on the part of the public authorities. This would mean equating social policy with public policies. Social policy is only one of the set of (institutionally separate) public policies, although the public authorities change the natural course of the market through all of them. When, for example, the public authorities, using appropriate instruments, stimulate investments in communications or tourism, this is not a social policy, because the logic of reproduction in the sector has not been infringed upon. We employ the term social policy when, using appropriate instruments, we change the connection between the separate stages of the reproduction process: production does not depend only on the state of the market but also on the rules that determine the cost of labor as well as on the measures taken to preserve employment; participation in distribution does not depend only on position within production but also on the rules common to the social group or to all citizens; exchange does not depend only on the individual’s interest but also on general rules; individual consumption is not determined only by redistribution, because there is access (common to the group or to all citizens) to public services. Social policy is an instrument for achieving public goals (including those related to economic development), with which (it is possible) to exercise direct influence on distribution, exchange and consumption.

In fact, the contradiction between social policy and economy, and everything related to resolving this contradiction, is inherent only in capitalist social relations. Capitalism, unlike traditional societies, is a system that draws a strict dividing line between the private and the public spheres. Economy is a private sphere where individual interests meet in an attempt to maximize their separate benefits. The public sphere is where common interests are achieved, and it is strongly dependent on policy due to the need to make decisions for the common interest and its achievement. In the social practices of capitalism, the infringement of the public sphere upon the private occurs in various degrees. This is the basis of the variety of capitalisms. In some of them, social policy is widely used to achieve social goals (the Scandinavian countries), in others (the US), the logic of social practice it to protect the disadvantaged strata, and the approach used is that of dealing with social problems.

The proposed non-ideological, instrumental definition of social policy has significant advantages. This definition makes it possible to compare all the practices adopted under conditions of market regulation since the second half of the 19th century. Similarly, it enables comparing the social policies of different countries by looking at their effects and the factors that led to their adoption.

Overall, such a definition enables viewing the different kinds of social policies as instruments of equal value. The choice of one over the other depends on the goals formulated in a concrete social and political context. Outside of this context, however, there is no such thing as a correct or incorrect social policy: they are all practicable.

The definition of social policy as an instrument of public governance points to another dilemma. It concerns the difference in principal between goal and instrument of public policies. The goal serves to operationalize the notion of a desirable state of society, and thus is very saliently value-based. The instrument is the way in which we achieve that goal. The problem is that each goal is achieved by means of an instrument, which, for its part, is applied through concrete procedures. This is Peter Hall's idea about the orders of policies. The lowest level, or first-order policies, are the procedures for applying the instruments; the second-order policies include the instruments; the third-order policies include the goals (Hall, 1993). The author develops this idea in order to prove that the most frequent policy changes are of the first order, and the rarest, third-order policy changes. The latter become possible only in exceptional cases.

We will use Peter Hall's thesis in order to clarify the instrumental-based definition of social policy. Defining social policy as an instrument implies that this mode of intervention in social processes may serve the achievement of certain public goals (economic growth, fair development, etc.), but its application is not obligatory, as there is no necessary (technological) connection between the goal and the instrument. Economic growth can be achieved through high redistribution (the Keynesian techniques of regulating aggregate demand) but it can also be achieved through low redistribution and supply-oriented regulation (the monetarist practices in public governance). It can be achieved by regulating income (practices in Northern Europe) or by limiting these practices to maintaining a minimum labor income. Underlying the goal-instrument connection of these practices is an integral idea about how society functions and about the mechanisms of growth. Public governance not only foresees objectively occurring processes. It introduces the logic of development through the approaches it follows and turns into institutions. It is the ideas that "go into governance" that create the public processes, and not the reverse. The ideas regarding public governance are not, as one might think, a product of pure speculation. They are based on knowledge of the social processes. But the problem is that social development has multiple variants, and public governance, by choosing its approaches and practices, determines the actual course of that development.

The emergence of the new social policy in Bulgaria during the 1990s was part of the process of transformation of the essentially traditional society of state socialism. This social system and capitalism have one common feature – the modernization of production and technology. This trend involved the modernization of traditional public sectors such as education and healthcare. The view on social policy as an instrument of public governance does not allow distinguishing the practices in the two social systems. In both, the connection between production-distribution-exchange-consumption is broken. At a more concrete level, both systems include access to public services, social security, access to health services. This instrumental similarity is the reason why the social policy in the CEE countries and the USSR was included in the general classification of the types of approaches to public governance in post-industrial societies (Wilensky, 1974). In fact, if we compare public governance in the two social systems, we will find a whole series of similarities, which are in place despite the opposed political natures of the systems. This similarity was visible to the naked eye after the 1960s, when the countries under the two systems were simultaneously trying to use the same scientific methods in decision making on the management of the economy and society. The explanation of this fact is a separate topic for consideration. For now, the question arises: "is it possible to preserve the inherited social policy under the conditions of the transition to a market economy and democracy?" The instrumental interpretation of social policy points to the answer, "in theory, yes, at least in some aspects". Of course, even if they were reproduced, the inherited practices would not give the same results, but things like the organization of access to social and health services or of kindergartens could, in theory, have been reformed without being radically changed. There is no necessary link between the market economy and the forms of social policy. The variety of so-called Western welfare states, which have survived even today, after the reforms made over the last 40 years, proves this. The break in the natural connections of the reproduction process, a break brought about by means of social policy practices, is something that happens everywhere – the difference is in the degree. If we arrange the Western countries along a continuous scale of smallest to greatest degree of break in these connections, somewhere at the end we can easily place the public governance that existed within the framework of state socialism.

Despite the need to assume the instrumental nature of social policy, and to see it as a normal, value-free instrument of public governance, the social policy of the time of state socialism cannot in fact be reproduced in the framework of the capitalist social system. Not because this is theoretically impossible, but because the change (the so-called transition) touches on all aspects of social life, including public policies (Kornai, 1998). This change has a logic of its own that does not permit preserving the old mechanisms of public governance.

Both scholarly and public debate on social policy is additionally complicated by the fact that the break in dependencies in the course of the natural reproduction process (the specificity of social policy, according to the introduced concept), can be brought about through different practices. Thus, even if we adopt the instrumental approach to social policy, the dispute might continue, since policy is implemented in different forms. Probably the most widespread notion of social policy associates it with protection of labor, primarily through mechanisms for maintaining income in case of loss of working capacity or loss of employment. Through these mechanisms, individuals who do not take part in the production of value added, take part in its distribution [4]. Such are mainly the mechanisms of social security against the risk of loss of employment. Such an interpretation of social policy is used in the well-known comparative study by Esping-Andersen (1990) cited above. Social policy can also be seen in terms of direct, vertical redistribution towards the poor social strata, or in terms of maintaining gender equality, or as free access to public, welfare and health services, or as taking active labor market measures to create jobs. Social policy is a set of instruments, the choice of which is made through complex interaction between the stakeholders.

If we linger on only one of the views on social policy, that which relates it to protection of labor through social security, we see a whole set of variants of organization of social security. It may assume the form of a state program against all risks. It may be a decentralized insurance program against individual risks and for separate social groups. It may be a private insurance program that the state makes obligatory, etc. The very large set of instruments that sever the natural connections in the reproduction process and create specific structures for distribution, exchange, and consumption, create confusion in the definition of social policy. Any attempt to reduce social policy to only one of its instruments overstates the importance of that instrument and leads to the risk of applying it without regard for the concrete circumstances.

It is a scientific fact that different countries have different social policies. The differences stem from the specific set of instruments used, or instrumentalized, by social policy. There is no single approach to identifying the policies, because any attempt to do so would require a preliminary definition of the content of social policy. But there is a fact that has so far not been sufficiently well explained: whatever preliminary model of social policy is introduced in a concrete comparative study, the identified models may be reduced to the "three worlds of welfare capitalism" (Esping-Andersen, 1990). All these models, however, refer to the so-called time of the Western welfare states: from World War II to the middle of the 1970s. These studies are particularly instructive because they not only reveal the set of possible instruments of social policy, but also attempt to explain the cause of the variety of adopted practices.

Yet we are now interested not in the differences, but in the recurrence of common features. The question is, "why do countries whose social model is based on a market economy and political democracy, follow, during certain periods of their development, the same paradigm of public governance?", and, "why do they inevitably change the paradigm, albeit after cycles revolving at different speeds?" We know that social insurance appeared for the first time in Imperial Germany under Bismarck, and then (with variations, but always within the framework of the paradigm) spread throughout the world (Orenstein, 2003). Similarly, the Great Depression that started in the late 1920s triggered state interventionist practices: all governments almost simultaneously adopted the Keynesian practices of regulation of aggregate demand. The economic crisis in the middle of the 1970s provoked a new change in the paradigm of public governance involving mainly the reduction of state intervention and social policy, and the return to the regulating function of the market. The 1980s was a period of complete reformulation of the goals and instruments of public policies in Western countries. At that time, Bulgaria was shaping its new social policy in adopting the paradigm of public governance then spreading across the world. The convergence that resulted simultaneously from the transition, globalization, and European integration, does not fall under one of the actually existing models, but under an ideal model of public governance spread all over the world during 1980s and beyond.

Modern social policy paradigms: from social security, through social regulation, to private social services

The development of the modern social policy that regulates market relations passes through several stages. They are defined by the presence of a common prevailing policy paradigm that is adopted by all countries with similar economic and political characteristics. These characteristics influence the specific national practices in refracting the particular internal factors. Under certain conditions, the common paradigm may become more important than the internal factors and be introduced even when the specific context does not suppose this.

The concept of "policy paradigm" was introduced by Peter Hall by analogy with Thomas Kuhn's "scientific paradigm" (Hall, 1993). It includes: the policy principles that operationalize the idea of social development and its sources; the logical connections between social facts; and the prevailing scientific view on social relations. The policy paradigm is the prevailing science of public governance. How and why it becomes prevalent is a different matter. The important thing here is that it influences the choice of policy goals and instruments, determining the approach to identifying the problem that has occasioned the adoption of policies. In fact, the adoption of certain approaches to achieving public goals is a consequence of the dissemination of ideas regarding those goals. This dissemination transcends state borders through two main channels: through party families formed on the basis of common political ideologies, or through epistemic political communities created around the common knowledge [5].

The spread of ideas on public governance is in fact the spread of a certain notion of a desirable state of society (the goal of policies) and a knowledge regarding the possible means for its practical achievement (instruments of policies). Social policy and the concrete models of its implementation depend on internal factors. But the obvious presence of a policy paradigm common to all countries, and which remains unchanged over a certain period, at least points to the hypothesis that the cross-national movement of ideas is of essential importance for national practices of public governance.

Three leading paradigms are to be identified in the development of modern social policy (since the middle of the 19th century until now). They have been translated into many specific national political programs for dealing with public problems.

The first paradigm is present in the introduction of social security in Imperial Germany and its spread to countries in course of industrialization. By these practices, the ruling political power is committed to maintaining the income level of people living on the labor market realization of their work capacity. The state does not fund, and does not even manage, the financial flows aimed at maintaining incomes, but it institutionalizes the social security obligation through insurance payments. At the time the system was introduced, it had two effects: on the one hand, the revolutionary temper of the working class was overcome and the political goal of reducing social conflict was achieved; on the other hand, the employer was freed from "care" for employed persons with reduced working capacity, and the pressure on the labor market was reduced. Even though the legislative measures undertaken by Bismarck have usually been ascribed to the political threat of the socialist movement at that time, they had a beneficial effect on the economic sphere and on industrialization. Once established, the institutional innovation spread to the industrializing countries. Its diffusion continued throughout the whole 20th century, but was especially salient in the first three or four decades after it was first introduced. In geographical terms, the diffusion first passed through countries culturally close to Germany, but was not limited to them (Orenstein, 2003). Scholars often relate the introduction of social security, as a first form of modern social policy, to modernization, and more specifically, to the growth of the relative share of people employed in industry. However, the existence of a connection between this growing share and the time in history when social security was introduced is not quite confirmed (Orenstein, 2003). This scientific fact at least partially contradicts a view that has gained currency, according to which states adopt similar social policies when confronted with similar problems.

The second paradigm of modern social policy emerged in connection with the Great Depression in the late 1920s and led to the adoption of the Keynesian technique of regulating aggregate demand. In the framework of this logic, social policy and redistribution of income through the State is a basic instrument for increasing aggregate demand and, ultimately, for maintaining economic growth. The Keynesian paradigm remained the leading one in the Western countries until the middle of the 1970s. Different models of welfare states were shaped during this period, but all of them were united around several basic principles: the state is an active subject of policies aimed at creating a favorable environment for economic growth; growth is a result of growing demand for goods and services, and this demand is stimulated by direct redistribution of income and maintenance of employment. In this period, as a result of the implementation of the prevalent paradigm, social policy acquired specific characteristics. Welfare expenditures increased, and hence, so did taxes and social payments. Groups that in some way were clients of social policy grew in size. Employment was practically full, though this did not include women. The state expanded its property, especially in infrastructure and communications, and in the sectors of education and healthcare. This social policy was not in contradiction with economic growth; indeed, it was a basic stimulus for the latter.

This was a particular period in the development of capitalism. Strangely enough, despite the opposition of the two rival social systems of that time, public governance in them was comparable both at a paradigmatic and an instrumental level. In both systems, the state was an active subject; in both, the state possessed and managed property; in both, the state redistributed a considerable share of the added value; and in both, the basic public goal was economic and technological development and the maintenance of employment. The difference, of course, was in the degree of state intervention, which in the case of state socialism led to the practical elimination of the private sphere. This comparability nourished the illusion that (some) instruments of the policies used by the social system that had lost the competition, could be preserved. At the same time, however, the failure of state socialism is not a sufficient proof that state instruments of public governance are inapplicable under the conditions of capitalism.

The third paradigm of modern social policy appeared towards the end of the 1970s. Some theoretical constructions (these of Friedrich von Hayek and the Austrian economic school) serving to justify the new paradigm were created somewhat earlier, during the preceding stage, but they acquired explanatory and formative power during the economic crisis of the mid-1970s. The spread of these ideas led to a change in the paradigm of public governance that provoked a complete reformulation of policy goals and instruments. Through decentralization and privatization, the State gradually withdrew from its active function in society. Welfare expenditures diminished, which made it possible to reduce direct taxes. The State reduced its welfare functions, restricting or completely abolishing its influence on the distribution of income. Personal responsibility became the basic source of well-being.

The New Public Management emerged in the science of public governance. It introduced a new conception of public sector governance, of which the prevalent idea was that, not the state, but private organizations must provide public and social services. Where private initiative is unable to work effectively, public initiative must be realized on a private basis: private kindergartens, private schools and universities, private theatres, private museums, public-private partnerships for infrastructure construction, etc.

The new paradigm introduced an entirely new conception of social policy. This was no longer seen as an instrument for achieving public goals related to the development of the social system as a whole. Instead, it became an instrument for assisting the socially disadvantaged strata. Moreover, it had to meet the requirements for effectiveness, which opens the way to economic and financial approaches to its making. At the instrumental level, these principles lead to relative and absolute reduction of welfare expenditures; to the expansion of social assistance as a way of dealing with welfare problems; to mass entry of private organizations providing social services; to increased personal responsibility for providing against the risk of unemployment; to a shift from the principle of social security to that of social insurance. A new model of social policy emerged, which we call a market model due to the important role that private initiative and free profit-oriented behavior play.

The market model of social policy set the direction of reforms undertaken in the Western welfare states during the 1980s and after (Esping-Andersen, 1996). This paradigm is very different from what the Western countries had inherited as social policy: the institutions of the welfare state, and the public attitudes that supported those institutions, were established; the institutions in question are part of the market order and the social order; the political parties that depend on democratic procedure cannot change their behavior radically because of their dependence on voter support. This results in reforms that only take a few steps towards the ideal model.

Authors of comparative studies on the reforms argue that Western welfare states have preserved their structural particularities, shaped in the preceding stage (Esping-Andersen, 1996), and may rather be said to adapt to the new conditions and ideas. Many studies have demonstrated that welfare expenditures, as a relative share of the GDP (the basic measure of the new model) have not really decreased anywhere (Allan & Scruggs, 2004).

The Bulgarian model of social policy

It was shaped in the late 1990s as part of the country's social transformation. The whole transition was based on the idea that state socialism had failed, while the capitalist system was viable. This resulted in public and political attitudes that rejected the whole legacy of the past and supported practices related to the Western model. An institutional void appeared in the country (Beyer & Wielgohs, 2001), in which the adoption and implementation of all sorts of ideas became possible.

In fact, three elements of Bulgarian social policy were radically changed in the late 1990s: the social security system, the health insurance system, and social assistance. It was by reforms in these three spheres that the market paradigm of modern social policy was actually introduced. As a result, the model rests on the following characteristics: the state plays a limited redistributive role; it transfers its social functions to private commercial or non-profit organizations, thereby creating incentives for their activity; the consumer of social rights contributes (including by direct payments) to the financing of the welfare systems; social policy meets the needs of certain disadvantaged strata by providing them benefits. In the first years of the 21st century, employment policy also underwent reforms. Initially, it was oriented to creating temporary employment that would replace the social assistance benefits and bring their recipients back to the labor market. The only puncture in the logic of the market model of social policy is the pay-as-you-go (PAYG) pillar in the pension system, as well as the universalistic access to health services based on the compulsory health insurance. It was on this basis that scholars of social policy in the CEE countries have inferred the existence of a specific regime of social policy here that combines corporative (as in Germany and, more generally, the Continental European countries), liberal (the market model of social policy) and universal (the legacy of state Socialism) elements (Cerami, 2006).

The existence of a new social policy regime in CEE countries that differs from those in the old democracies may be proven based on several indicators: the low relative share of social assistance out of the total social expenditures; the share of private social services (including insurance rights); the personal contribution to the obtainment of social rights (including access to social and health services). All these indicators have higher values in the CEE countries, including Bulgaria. The existence of PAYG pillar does not change the market logic of social policy. State insurance was introduced at the recommendation of the World Bank in order to address the problems caused by the low level of economic development and the related weakness of private organizations and of financial flows. The three-pillar system contains potential mechanisms whereby, with the decline in numbers of the elderly generations, the weight of state insurance will decrease and that of the private capital pillar will increase. State public insurance is built in accordance with the market paradigm of social policy and follows the model of the Swedish pension system reformed during the 1990s.

The Bulgarian model of social policy has continued to develop after it first took form in the late 1990s. But at least for the time being, it remains within the framework of the initial logic laid down for it. Its results are hard to assess, since for its most important part – compulsory private social insurance – it is still not providing substitute income. In any case, the results before us suggest its shortcomings rather than its advantages. Compulsory social insurance is producing an enormous deficit that makes the system's adequacy questionable. Private insurance envisages a very low level of substitution, which, even if it were to become effective, would not seriously affect the incomes of the insured; health services are rather unsatisfactory; there is a significant pressure for providing services and allowances to disadvantaged groups. If systemic criteria for social policy results are introduced, the assessment of the adopted model becomes even less satisfactory: income and social inequality in the country increases; the public opinion regarding social policy is that there basically is not any. This is constantly generating distrust towards the government, regardless of which political party is in power.

In fact, similar social attitudes have accompanied the reforms in the old democracy welfare states, despite the relatively well-preserved traditions of the postwar social policy institutions there.

Conclusion

Is there a forthcoming new paradigm of modern social policy that will reinstate the view that it is a basic (possible) instrument of public governance with a systemic impact on the development of society? Some visible signs of it have been making their timid appearance after the 2008 economic crisis. An indicative fact is that the world financial institutions (the IMF and the World Bank), which are the main actors in the dissemination of the market paradigm of public governance, have changed their viewpoint to some degree. The current trends in European policies and the creation of the social pillar of European integration are also leading to a new social policy paradigm. The substitution of the New Public Management with the concept of Good governance can also be seen as a step in this direction. But there is a complicated and unpredictable way to go, which encompasses the following stages: a science that demonstrates the importance of social policy as an instrument of public governance should become influential; international epistemic communities should be established to disseminate these ideas; political ideologies should change in accordance with this view of public governance; these ideas should enter into Bulgaria through influential stakeholders. There may be another way, but I cannot see it yet.

Notes

[1] Retrenchment of the welfare state is a concept widely used in literature to designate the period that followed the economic crisis of the mid-1970s, a period characterized by attempts to reduce welfare expenditures by restricting generous social payments and the scope of welfare programs (Pierson 1996; Giger 2011).
[2] No such term exists in literature. We introduce it for the purposes of the present article.
[3] Under the Food Stamps program, 44 million citizens received food assistance in the US in 2017, which is 13% of the whole population, or one out of eight persons (https://www.cbpp.org/research/food-assistance/a-closer-look-at-who-benefits-from-snap-state-by-state-fact-sheets#Alabama). In Germany, vertical redistribution towards the poor is relatively small due to the adopted form of regulation of income; which is why the labor market inequalities are relatively lower. Income inequality in Germany remains approximately the same before and after taxation and welfare transfers (Schwarze & Härpfer 2007).
[4] The reasons for the adoption of these practices are not a topic of this article, although they are essential to the explanation of the processes of public governance.
[5] Epistemic communities are trans-national communities of experts sharing and exchanging common knowledge (Sabatier, 1988)

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THE MARKET MODEL OF SOCIAL POLICY AND ITS IMPLEMENTATION IN BULGARIA

Abstract

The article explains the specificities of the Bulgarian social policy model, relating its implementation to the prevailing paradigm of public governance and its dissemination. For the purpose, the author asserts the important role of ideas and knowledge for the adoption of concrete policy principles, goals and instruments. Finally, based on the social results of the Bulgarian social policy model, the author discusses its prospects for future development.

Key words: Social policy, instrumental approach to policies, policy paradigm, market model of social policy

JEL: D6, H1, H41