

increasing numbers of researchers apply the factor- and cluster analytical techniques that were used to typologize the advanced capitalist countries, to the economic and social statistics of post-communist countries. The speaker presents some pioneering results of this kind by Mark Knell and Martin Srholec, Jean-Philippe Berrou and Christophe Carrincazeaux, Iain McMenamin. In speaker's opinion, these results substantiate the view that at the very least one part of postcommunist countries (new members of EU) differentiate along the same lines that are characteristic for the advanced capitalist countries, with Slovenia approaching coordinated capitalism type, and Estonia coming most closely to liberal market type. Some Central European countries (Czech Republic, Hungary, Poland) display similarities with Mediterranean capitalism.

Against the neoliberal thesis that under the pressure of the forces of globalization all national and regional varieties of capitalism will converge in the direction of liberal market capitalism, exemplified by Anglo-Saxon countries, P. Hall and D. Soskice maintain that both liberal market and coordinated market capitalism (exemplified in the most pure way by Scandinavian countries) are stable institutional architectures with their own comparative institutional advantages in the world market competition. However, they deny the stability of the mixed or intermediate types. Assuming their analysis, one could predict that new EU members will differentiate into the majority drifting in the direction of liberal market capitalism, and minority with coordinated market capitalism. However, the choice by EU as a whole to include the social dimension into Europeanization process or abstain from this will be most important factor deciding long-term fate of postcommunist capitalism(s). Most probably, new members of EU will act as "Trojan horses" for the forces of liberal market capitalism.

SOCIO-ECONOMIC POLICY – AN INTEGRATIVE APPROACH

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This presentation examines social and economic policies from an integrated approach. The lecture introduces a methodological analysis of the sets of policies and emphasizes the strong linkage between the two. After reviewing the interaction that exists, it uses evidence from Israel with comparisons to other European countries and their experience.

The main reasons that government becomes involved in service provision – besides ideological reasons, of course – are externalities, market failures and the maintenance of social equity. There are also economic advantages to this government involvement. In the case of, say, transfer payments such as income maintenance and unemployment benefits, the economic advantages are clear. They help shift income to segments of the population with higher consumption patterns and they stimulate the economy by increasing aggregate demand.

Many policy makers in Israel tend to favor policies that reduce the size of the social sector with the intent of stimulating the economy. The assumptions that underlie this policy of shrinking the size of government have become a major element of government policy over the past few years.

The following is an examination of the four assumptions that this policy is based on. The first is that the public sector is a "burden" on the economy. The second is that limiting public expenditure spurs growth and its logical reverse that a large public expenditure impedes growth.

The third assumption is that economic growth will narrow socio-economic gaps and help fight poverty. And the fourth assumption is that child allowances in some way create dependent, poor families. Each one of these assumptions is examined in turn and disproved as a basis for sound socio-economic policy.

INTERGENERATIONAL TRANSMISSION OF DISADVANTAGE: POLICY IMPLICATIONS

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This study discusses the intergenerational transmission of disadvantages, in terms of the perspectives opened for policy interventions. A review of the literature suggests that in many OECD countries income, occupation, education (and also personality traits) are transmitted from generation to generation. Understanding the extent to which the life chances of children are either positively or adversely affected by the circumstances and behaviours of their parents is an integral component of the process of developing effective policies to give children “the best possible start to their lives”.

Parents transmit a broad range of resources to their children. While there is disagreement about the mechanisms that underpin this transmission, a large part of the differences observed are related to different levels of schooling, wealth, and of a broader set of cognitive and non-cognitive abilities. Reducing inequalities related to these factors might improve income equality and contribute to achieving greater equality of opportunity. Reducing intergenerational inheritance of socio-economic disadvantages may be important to reduce not just inequality of opportunity but also to achieve greater economic efficiency through a better allocation of talents.

No society is completely mobile or immobile and some of the mechanisms contributing to intergenerational persistence are economically efficient, normatively acceptable or both. Nevertheless, some of the characteristics that contribute to shape children’s life chances, which are beyond their control – such as the household environment where they grow up – persist across generations and should be of policy concern. For example, child poverty may not just be associated with temporary low-income but also result from deep-seated factors that transmit disadvantage from generation to generation: in this case, identifying and alleviating the barriers to intergenerational mobility is crucial.

One of the main objectives of social policy is to break the cycle of disadvantage across generations and prevent the development of a self-replicating underclass. The evidence suggests that interventions targeted at improving childhood outcomes are desirable. Such interventions have become a much more important feature of social policies in most OECD countries in recent years. Improving access to child care of quality and education for people in deprived situations is important. The income of families with children affects their ability to access such education. Beyond this, there is evidence that parental behaviours can be transmitted across generations, and indeed these seem to be more important than “intelligence” in explaining the intergenerational correlation of income. Having a working parent as a role model is important. Reducing the stress and anxiety of children, from whatever source, will have a pay-off in the incomes they subsequently command.