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TIES AND RUPTURES: WELFARE STATES AND MIGRATION IN
CENTRAL AND EASTERN EUROPE

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Welfare States and Migration in Central and Eastern Europe*

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Abstract

In the last 20 years, Central Eastern Europe has witnessed a number of momentous events that have marked landmark changes in its countries' political, social, and economic systems. Throughout the momentous changes of the last 20 years, social protection and migration issues have been and continue to be deeply intertwined, and have fundamentally shaped socio-economic and socio-political developments in the region. This paper explores the ways in which the emergent social models in Central and Eastern Europe have informed, inflicted, and imposed certain forms of migration, as well as how migration, in turn, reflects deep forms of exclusionary practices. The paper argues that migration is not simply a spontaneous process driven by market forces, but rather that social protection, welfare policies and even more broadly the 'social' is deeply implicated. As much as migration, or, as it is often referred to in EU discourses, 'mobility', brings new opportunities to Eastern European 'free movers', it also creates new social ruptures, new exclusions, and new divisions between those who move and those who stay.

Keywords

Migration, welfare state, Central and Eastern Europe, social exclusion, EU integration

Introduction

In the last 20 years, Central Eastern Europe has witnessed a number of momentous events that have marked landmark changes in its countries' political, social, and economic systems. 1989 marked not only the collapse of the communist regimes, but also the start of new conceptual, institutional, and political debates over what a 'post-communist welfare state' should look like. In the early 1990s, Central Eastern European countries were labelled 'transition countries', and alongside Latin America, welfare debates centred on a strong neoliberal agenda dominated by the World Bank. By the late 1990s, 'transition countries' became 'accession countries', which again changed the focus of welfare debates, and marked a 'return to Europe'. Discourses around 'Social Europe', Europeanization, and EU Accession set a whole new agenda for welfare state development. And finally, in 2004 and 2007 with the enlargement of the EU, the 'accession countries' as 'new EU member states' became fully-fledged participants in the European social space. Around the time of the enlargement, a strong interest in east-west migration also started to emerge, based on a recognition of the fundamental reconfiguration of migration patterns from flows of 'political refugees' towards 'economic and labour migration'.

In this paper I argue that throughout the momentous changes of the last 20 years social protection and migration issues have been and continue to be deeply intertwined, and have fundamentally shaped socio-economic and socio-political developments in the region. Alongside discussion of the different 'social models' which have emerged in the region, I will offer migration narratives of the various regimes. In doing so, I will contest the rather simplistic argument made by Wallace (2007), who asserts that Eastern European welfare states are strong enough to keep migrants in their home countries by offering a range of good quality services, and that therefore the welfare state is an anchoring factor rather than a pull factor of migration. My aim is to highlight firstly how a social model informs, inflicts, and imposes certain forms of migration, and secondly, how migration, in turn, reflects deep forms of exclusionary practices even in countries with highly inclusive welfare states. In this sense I see migration as offering a 'mirror' revealing societal ruptures, which are often further accentuated by the welfare state.

I. The variety of post-communist welfare states: the diversity of welfare pathways in Eastern Europe

1990s academic accounts of welfare state development in Central Eastern Europe tended to classify welfare states in the region as one particular type of welfare regime (Hacker, 2009): 'the post-communist welfare state' - often thought of as the fifth regime type in the Esping-Andersen regime typology. This was partly due to the fact that 'legacies of communism' were considered dominant features of the welfare states in the region, and partly due to the limited number of cases studied in the welfare literature, with the focus mostly on the so-called Visegradi countries, that is Poland, Hungary, the Czech Republic and Slovakia). Comparative works were rare and mostly produced by Western scholars, in particular on the pension system, which also tended to reify the uniformity and similarity of the different welfare systems in the region. Moreover, classic theoretical works on post-communist welfare have tended to compare 'Eastern Europe' with other regions such as Latin America or East Asia (Haggard and Kaufman, 2008; Muller, 2003), leaving Eastern Europe on the margins of the lively comparative works on Western European welfare state developments. However, recently available EU social datasets indicate that there is a huge diversity in both social outcomes and institutional arrangements between different New EU Member States, which questions this previously assumed uniformity and requires welfare scholars to conceptualise diversity. This paper will take this diversity as central in understanding welfare regime formation in the region over the last 20 years. I will argue that at least three types of welfare regime have emerged in the region. It should be noted that I use the term 'regimes' not as monolithic institutional structures that are locked into particular pathways, but rather I see regimes as multiple, changing and open sites of socio-economic developments. I will then take the different regimes as the fundamental sources of various forms and patterns of migration, and

will show how domestic welfare states, symbolically representing comprehensive institutionalised forms of solidarity are closely linked to migration patterns, which are often associated with deep ruptures, social conflicts, and institutional failures.

1.1. The Baltic states and Slovakia: the Eastern European tigers?

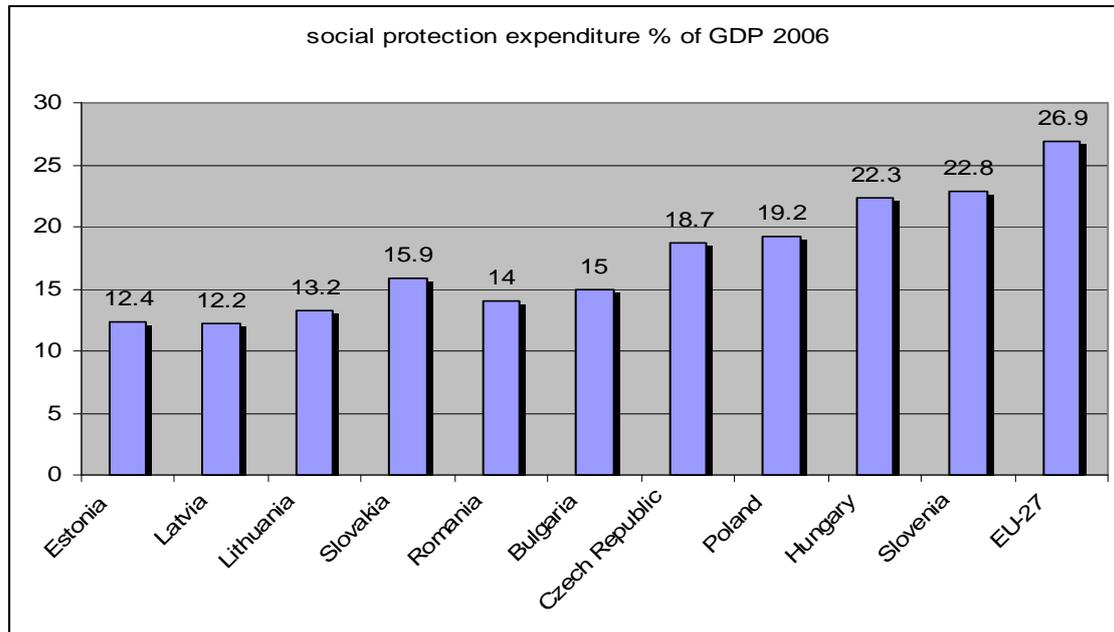
The small Baltic states, Estonia, Latvia and Lithuania, have always remained on the margins of academic discussions of post-communist welfare, despite that fact that they opted for a very distinctive welfare model right from the early 1990s. It remains to be discovered whether this was due to their initial economic situation, characterized by low GDP and poor socio-economic indicators, to political pressure for fast and radical reforms to break the power of elites with Soviet ties and to establish independence from Russia, or to strong ideological support for neoliberalism amongst the new elites. Nonetheless, all the Baltic states moved in the direction of a minimal welfare state with little state intervention and protection, a poor replacement rate of welfare benefits, including pensions, and the abandonment of universal health care in favour of privatization and co-payments (Hacker, 2009).

1.1.1 Neoliberal welfare regimes in the making

In terms of economic policy, Estonia, Latvia, Lithuania, and later Slovakia, have opted for radical economic reforms over the last 15 years. They have pioneered the building of small open states, with high trade openness and with low flat-rate tax systems. These countries have the highest trade openness not only in the region but also in the whole EU (with 176% and 170% of GDP in 2006, while the same figure in the euro area was 80%) (von Hagen and Siedschlag, 2008). As part of a competitive economic package, they also introduced low flat-rate tax systems, which resulted in record low tax-revenue-to-GDP ratios in the EU-27: while on average countries collected 41.2% of their GDP in tax revenues in the EU-27 in 2006, the same ratio in Slovakia was 29.5%, in Lithuania 30%, in Latvia 30.4%, and in Estonia 31.1% (Eurostat, 2008). In a complex neoliberal economic package, Estonia was the first in Europe to introduce a flat tax rate, at 26%, in 1994. Soon after, Lithuania and Latvia followed the trend and lowered their tax rates, particularly their corporate taxes. Currently Latvia has the lowest corporate tax rate in the EU, at 15%. Since the mid 1990s tax rates have gradually been lowered in all the Baltic countries – Estonia scheduled to lower its tax rate to 20% from 2009 – (IMF, 2006). In 2004, Slovakia joined the Baltic group by introducing a flat tax rate of 19% and at the same time introduced one of the most radical economic and social reforms that the region has seen. The four countries in this group have also opted for small government – in 2004 they spent around 36-38% of their GDP through government (Schneider and Zapal, 2006). Importantly, in the period between 1998 and 2004, in the process of European Accession, government expenditure fell in all four countries. Indeed, in a path-breaking development, Slovakia produced one of the most spectacular government shrinkages in history (Schneider and Zapal, 2006) with government expenditure falling from 65% in 1997 to 37% in 2006.

Estonia in particular has been described as a prime example of an implementer of radical economic reforms. In the Varieties of Capitalism (VoC) literature, Estonia has often been used to represent the Liberal Market Economy (LME) model. Within this theoretical framework, the LME in Estonia has been characterised by low union membership, weak collective bargaining, shorter job tenure, and very high stock market capitalisation with a predominance of short-term capital (Feldmann, 2007).

This economic package has fundamentally set the scope for welfare arrangements, both in terms of the general social contract and also in the more specific ways in which the adverse effects of fast economic growth are mitigated. The overall welfare efforts measured in social protection expenditure as % of GDP are extremely low in all four countries.

Table 1. Social protection expenditure as % of GDP in 2006

Source: Eurostat (2009)

Low minimum wages, a high tax burden on low wage earners, high private health care costs, and a high number of working poor means that ‘growth and jobs’ has not been able to create an inclusionary democracy in these countries. The social problems facing these countries are numerous. Despite fast economic growth, poverty rates increased in the Baltic states between 2000 and 2007 and are currently the highest in the EU. While various poverty rates are in use, Lelkes and Zolyomi (2008) argue that both the relative and absolute poverty rates are high in the Baltic states. Based on the EU-SILC 2006 database, relative poverty rates are far higher in the Baltic states than in the EU-27, (Latvia 23.2%; Lithuania 20% and Estonia 19.9%), while the absolute poverty rates (using 10 euros per day adjusted for PPP) are high in Latvia (32%) and Lithuania (28%), but lower in Estonia at only 3%. This has not gone unnoticed by the European Commission, whose Joint Report on Social Protection and Social Inclusion in 2007 makes it clear that these countries have ‘*huge social inclusion needs*’. The Joint Social Protection Report also highlights a range of social issues, such as high poverty rates, strong inequalities, high in-work poverty, low replacement rates of pensions, poor targeting performance of social benefits, and under-funded health care and social services (Joint Social Protection Report, 2007). According to the latest data, less than 25% of people who were unemployed for a period of 7 to 12 months during 2005 received any kind of benefits in the Baltic states (Social Situation in the European Union 2008). Along with co-payments in health and education, all these figures depict a strongly liberal and exclusionary welfare state in these countries.

Despite poor performances in terms of reducing poverty and social inequalities, it is noticeable that two of the Baltic States, namely Estonia and Latvia, have shown strong growth in employment. Along with the favourable employment rates, by 2007 unemployment had fallen by two-thirds, to around 5% in all three countries, although some of this was due to migration. However, new data indicate that the Baltic states were hit very hard by the 2008 economic crisis, which means that in the period 2008-2009 the unemployment rate again soared in all three states, from around 5% to 14-17% in just a year.

Table 2. Selected social indicators – the Baltic States

	Inequality of income distribution (2006)	of In-work-poverty-rate after social transfers (%) (2006)	Poverty rate (%) (2006)	Minimum wage euro/month (2008)	Social benefits paid by general government (%) (2006)
EU-15	4.7	7.0	16	1117	15.7
EU-8	4.8	8.0	15	300	
Estonia	5.5	8.0	16	278	8.8
Latvia	7.9	11.0	22	229	8.0
Lithuania	6.3	10.0	20	231	8.6

Sources: Eurostat database

In the light of this economic crisis the key question is going to be how the Baltic states will be able to cope with the huge social costs of the economic recession, and how they will mitigate risks in a context where unemployment benefits are already extremely low and where low public revenues give little room for manoeuvre. Crucially, neoliberalisation as a distinct pattern in this group of countries represents a regime in which radical economic reforms are coupled with minimal social commitments. Prior to the economic crisis, the group managed to deliver very impressive economic growth rates. They managed to run high-job-intensity economic growth (which took them very near to the Lisbon target of 70% employment rates), and yet there is very little evidence that this economic growth was an equitable growth. This regime has strong exclusionary features (Bohle and Greskovits, 2007) and has poor welfare performances. In these countries Europeanisation, understood as visions around joining the European social space, seems nothing but an economic agenda aimed at competitiveness and a race to attract FDI, constantly reinforcing the asymmetries between capital and labour.

1.1.2 Migration and depopulation in the Baltic states: the ultimate challenge

A combination of socio-economic and geographic factors destines the Baltic states to be high emigration countries. Poor economic development, low wages, high unemployment, and high poverty rates all contribute to the pressure for particular social groups to emigrate. Indeed, emigration, and more broadly depopulation, in the Baltic states constitutes a fundamental challenge for public policy making.

As the Baltic states are small mini-states, population changes are vital. According to OECD (2003), Estonia, with a current population of 1.3 million, lost almost 10% of its population due to net migration between 1990 and 2001. Although the population loss is slightly less severe in Latvia (6.4%) and Lithuania (5.7%), in countries with small populations, migration plays a significant role in depopulation. According to Eurostat (2008) projections, depopulation will continue and the total population of the Baltic States is expected to decrease to 5.4 million by 2060, which represents a 25% drop over the next 50 years (Zvidrins, 2009). Such significant levels of emigration, particularly in the context of the EU enlargement, which transformed Eastern Europeans from ‘immigrants’ to regional ‘free movers’ (Favell, 2008), have a number of crucial welfare implications. Firstly, as emigration, due to its specific demographic profile, reshapes the demographic tree in the country, so too does it change aspects of inter-generational solidarity and redistribution in domestic welfare state arrangements. The balance sheet still seems unclear, for while emigration reduces unemployment, representing a gain on the expenditure side, at the same time it also contributes to a significant loss in revenue in taxes and social contributions - leading to a new dependency ratio. In the Baltic states, where taxes are low and not progressive by nature (which limits the effect of economic growth on public revenues), changes in the dependency ratio are absolutely crucial. They will likely lead to further individualization of old age insecurities (both in the sense of old age pensions and care services for the elderly) and restrictions in health care services.

Secondly, as Wolfsoon (2007) very insightfully points out, migration is intimately linked with domestic labour market developments. As he argues, the radical neoliberal economic policy came at a price in the Baltic states. A significant share of the labour force has been pushed below any regulatory

or collective forms of protection, creating shadowy, grey or black economies which contribute to the deterioration of employment conditions and to 'down-graded labour'. As a result, this over-flexible labour market, coupled with a 'low level of legal culture in employment relationships', has facilitated labour migration as an exit strategy. Adopted en masse in Latvia, this exit strategy, he argues, has already created labour shortages not only in lower skilled sectors, but also in medical and allied professions and in other highly qualified sectors, with a danger of 'de-skilling' the labour force as a whole. Wolfsoon's concern is that in a context of little political will and few policy efforts to secure and raise labour standards in the Baltic states, along with the opportunities offered by EU enlargement for worker mobility, there will be further fragmentation of domestic labour markets between those who have access to the European labour market and those who fall victim of poor labour standards and the lack of employment protection. This raises further important arguments about future race-to-the-bottom scenarios both in the Old and New EU member states.

Finally, migration also has an impact on the skill composition of the labour force in a country, and will create labour shortages in various sectors. In the Baltic states, serious labour shortages have already been reported in the health care sector, where doctors and nurses are leaving the countries to work abroad, leaving the health care system running with long waiting lists and a high level of unmet medical needs.

All three of these aspects highlight the fact that migration is not just economic by nature, but it has strong implications for the domestic welfare state, in particular for mini-states like the Baltic countries. Migration creates new divisions and ruptures, allows for new winners and losers to emerge, and it both imposes costs on the welfare state and accentuates the effect of the various welfare and labour policies in place.

1.2. Poland and Hungary: welfare swings between neoliberalism and neopopulism

Central, or more often, Central Eastern Europe, classically understood as covering Poland, the old Czechoslovakia and Hungary, has received much more scholarly attention in the welfare literature than the Baltic states. Indeed, when there is a reference to the 'post-communist welfare state', academics are often referring to these four countries. However, there is increasingly a recognition that even these four countries have followed very divergent paths of socio-economic and welfare state development. As I have argued in the previous section, Slovakia embarked on a radical neoliberal reform in 2004, which in many ways led the country away from the paths of Poland, Hungary and the Czech Republic. As I will argue later, the Czech Republic also represents a distinctive welfare regime substantially different from the others. That leaves Hungary and Poland - what I call incongruous welfare regimes.

1.2.1 Incongruous welfare regimes: the cases of Poland and Hungary

Unlike the Baltic states, which had to establish independence and state autonomy from Russia in the early 1990s, both Hungary and Poland developed strong resistance to the Soviet-style communist regime and were the frontrunners of alternative reform movements already by the late 1980s. Not least due to a number of post-communist legacies and specific domestic factors, both Poland and Hungary finance 'big governments', and spend 42.4% and 50.1% respectively of GDP through their governments. Although, in order to join the regional tax competition race, they have significantly reduced their corporate taxes to 19% and 16%, they have kept their personal taxes very similar to the EU-25, standing at 38% and 40%. For them, running 'big governments' has meant very limited scope for introducing very low personal and corporate taxes. There are, however, a range of generous tax concessions available to foreign investors. The 'Big governments' in both countries come with serious fiscal policy imbalances and challenges. In July 2004 both countries came under the EU's Excessive Deficit Procedure (EDP), which, though later loosened, signalled serious challenges facing them in terms of consolidating their public finances. According to Schneider and Zapal (2006), fiscal consolidation efforts in these countries have been highly unsuccessful. Similarly, taking a close look at the Hungarian situation, Gyorffy (2007) argues that instead of an anticipated fiscal adjustment in line with the effort to join the Euro, Hungarian fiscal policy has continued to be expansionary, and has ironically led to a rise of fiscal indebtedness in recent years. This moral hazard, as she argues, has

resulted in a completely counterintuitive effect of EU integration (namely higher and not lower public debt). In both countries, fiscal policies show high political volatility, and there seems to have been constant double-speak about fiscal deficit in order to satisfy both the EU and domestic audiences.

Incongruities seem key in this welfare setting. Myshknenko (2007), for example, argues that Poland has developed a very incongruous capitalist system, which can be characterised by heavily regulated product markets with a large public sector, administrative burdens for corporations, barriers to entrepreneurship, and a high level of protection against foreign trade and investment, while *at the same time* there is a deregulated labour market, significant FDI, and weak state involvement in industrial relations and labour policies. In that sense *both strong protectionism and a high level of openness of the Polish economy co-exists*. Bohle and Greskovits (2007) also emphasise the unique processes, constituting in their words, an embedded neoliberal regime, in which

selective and limited inclusion parallels, and occurs at the expense of and exclusion of the remaining social actors by disarticulating and neutralizing their capacity for collective action....(and)...this dual logic is complemented by an unequal distribution of resources, where benefits are only extended to allied sectors of business and labour (Bohle and Greskovits, 2007:454).

Shields (2007) sees the Polish incongruities in terms of competing political agendas between neoliberalism and neopopulism. Both in Poland and in Hungary, the duality of neoliberalism and neopopulism leaves its fingerprint on the welfare regime. On the one hand, neoliberalism is supported, as competing with the 'Baltic tigers' and with the economically better-developed Czech Republic and Slovenia gains support for the economic competitiveness agenda. On the other hand, however, constant protectionism, major concessions to large voter groups, serious imbalances between different welfare segments, and welfare populism constantly counteract the pressures for more liberalisation. In Hungary, the fault line between neoliberalism and neopopulism is strongly present in the party structure and dictates welfare developments in a cyclical manner, depending on which party is in government. This duality, and fractures in the political system, also contribute to what Paul Stubbs (referring to Croatia) calls a welfare 'patchwork', in which the different elements of the welfare state do not form a coherent whole, and where different measures do not support each other. In that sense we are not talking about 'one' welfare state, but 'many', depending on political configurations and forms of clientelism. Although Bohle and Greskovits see this regime as embedded neoliberalism, in welfare terms it is not fully committed to neoliberalism. Reforms are often partial (see for example Hungarian pension reform), reversed or abandoned.

Crucially from the point of view of welfare retrenchment, the Polish welfare state contracted in size between 2000 and 2006. The withdrawal of the state from social commitments was accompanied by very unfavourable socio-economic trends in Poland. Despite significant economic growth, the employment rate fell between 1998 and 2007 from a low 59% to an even lower rate of 57%. Although the unemployment rate has fallen, it is still one of the highest in the EU, standing at 10% in 2007. Income- and consumption-based inequalities have risen, while poverty is stubbornly high at 20%. The rate of working poor is also the highest in the EU. Health care institutions are heavily indebted, and they still work with long waiting lists (Joint Inclusion Report, 2007). There is a total absence of any active employment policy, and there are few passive labour market policies (Myshknenko, 2007). The Polish welfare state is also very much oriented towards pensioners, as it spends a disproportionate amount of social expenditure on pensions, while social services are under-developed and under-funded. As Myshknenko argues, 'given the chronically high levels of unemployment in Poland and contracting level of public social spending, Poland's conservative continental welfare state has been unable to provide an adequate amount of social protection and poverty alleviation' (Myshknenko, 2007:374).

In Hungary, similar incongruities have been shaping the political, economic and social landscape ever since the accession process. Despite FDI-led economic growth, the Hungarian labour market is rather stagnant (jobless growth). While the employment rate was only 57% in 2007 (Eurostat, 2008), some reports suggest that it fell to 54% in 2008, one of the lowest in the EU. Regional labour market differences are the second highest in the EU (Joint inclusion Report, 2007). There are also very

significant educational inequalities in Hungary. Finally, Hungary is considered as a high risk Member State in terms of pension sustainability. The Joint Report on Social Protection and Social Inclusion 2007 concludes that the challenge ahead lies ‘in the context of budgetary restraint to maintain the level of resources dedicated to combating poverty and exclusion’ (JIR, 2007:308). Although social spending has been relatively constant (with some ups and downs), the problem of welfare state development in Hungary is that welfare policies are highly incongruous and inconsistent. The lists of these incongruities are long: despite low employment and high inactivity rates, early retirement schemes are still in place in the public sector; in the context of the poor health status of the population, co-payment was introduced for GP visits and hospital stays (following the Estonian model) – although the visit fees were then abolished after a referendum; there are still big gaps between the legal and formal requirements for social services provided by local governments and the actual practices; institutionally, there is constant change in the Ministerial structure; minimum quality requirements were introduced in health and social care, yet, due to a massive lack of financial resources most health care providers are unable to even comply with the minimum requirements. There is a growing sense of frustration in the field of health care, which, in the context of poor regulatory capacities, a lack of sufficient funding and indebted providers, is pushing the system more and more towards privatisation. Pension expenditure is following election cycles, with the former Prime Minister Gyurcsany offering the introduction of a 14th month’s pension in 2008. Relatively high social spending is not so much a welfare commitment, but is rather seen as a crucial election reserve on both sides of the political spectrum. Finally, deep political divisions and the resulting institutional fragmentation make it difficult to build a coherent welfare regime in Hungary.

The common feature of this incongruous Europeanisation is that the ‘social’ remains fragmented, volatile and subject to economic policies or politically motivated interventions, rather than there being a coherently run welfare policy based on a strong political commitment to a ‘Social Europe’. In these two countries, welfare policies are locked in between strong neoliberal and neopopulist political agendas that could take them either way in terms of the other two groups in the region.

1.2.2 Migration in Poland: beyond ‘mobility’

Poland, the largest New EU Member State to join the EU in 2004, with the sixth largest population in the EU (38 million), represented the largest pool of migrants in the new East-West migration flows both before and after the enlargement. The scope of migration in the context of EU enlargement is well captured by two figures; it is estimated that around 4 million people left Poland between 1945 and 2004, and around 2.2 million between 2004 and 2007 (Portrykowska, 2008). The post-enlargement figures are highly volatile, not least because East-West migration patterns are temporary, opportunistic and circular. As estimations differ considerably, some place the number of Poles working and living in the UK after 2004 even as high as 2 million (Office for National Statistics, UK). However unclear the exact figures might be, it is clear that the enlargement produced a huge migration flow, unexpected by politicians and policy makers in both Old and New Europe.

Population loss and demographic concerns feature in the literature about Polish migration too. As Portrykowska (2008:4) argues, ‘in the area of demography, migration leads to the deformation of the demographic structure, to the aging and decrease of the population and of reproductive potential, especially in the regions of large outflow. Poland still holds a negative balance in external migrations, which, combined with the low natural increase, additionally influences the successive decrease in the country’s population. According to the newest CSO projection for 2008-2035, the [size of the] Polish population will decrease by approximately 2.2 million people by the year 2035’. Although population loss is not as drastic and urgent as we have seen in the Baltic states, nevertheless unexpectedly high migration outflows have a number of welfare consequences. Elrick and Lewandowska (2008) outline the ways in which Polish migrant workers join in the ‘global care chain’ by working as elderly care workers in Western Europe. Although their main argument is that despite legalization many migrants still work on an undocumented basis and remain vulnerable, the mass migration to satisfy social care demands in Western Europe has broader implications. Portrykowska (2008) highlights the problem of so-called ‘euro-orphans’, a widespread phenomenon of east-west migration, where parents leave their

children behind while they are working abroad. In some cases, the children are left with grandparents, in others they leave them in foster homes or in 'orphanages'. According to some Polish newspaper sources, around 110,000 children are left either in the care of another family member or in institutional care (News of Polonia, January 2009). According to other estimates, 1 in 9 children in Poland have at least one parent abroad (European Law Foundation). However, due to the regional concentration of migration, the National Ombudsman for children's rights found that in some regions up to 43% of children have at least one parent absent from home due to migration (TCMnet news, September 2008) Other forms of family break-ups are also well known.

Both the elderly care and family issues around labour migration have important implications for public policy makers. They highlight the strongly gendered nature of migration: how women are locked in particular jobs and sectors, with low wages, lacking the opportunity for upward mobility in the labour market of the receiving country, often accepting downward mobility in terms of status and qualifications, and the marginal and often completely vulnerable position of single mothers participating in new labour market opportunities abroad. Indeed, Favell (2008:711) highlights the danger of the 'ambitious 'new Europeans'...becoming a new Victorian servant class for a West European aristocracy of creative-class professionals and university educated working mums'.

1.3. The Czech Republic and Slovenia: strong social models, strong demarcations?

The Czech Republic and Slovenia are in many respects the 'Scandinavian islands' of Post-communist Europe. Both countries have inherited very favourable economic situations within the Communist Bloc. Slovenia was the richest part of Yugoslavia, as it succeeded in achieving a level of productivity and national income 2.5 times higher than the Yugoslav average, and had 25% of total Yugoslav exports and around 18% of the Yugoslav GDP (Prunk, 1997). With similarly good legacies the Czech Republic also inherited good economic and social infrastructures and had always been one of the most developed and industrialized country in the block.

1.3.1 'The comprehensive welfare states'

Both Slovenia and the Czech Republic manage 'big governments', with the highest social spending in the region, and high efficiency of redistribution towards vulnerable groups. In both countries the welfare state is strongly built on corporatist principles. In the Czech Republic 80%, and in Slovenia almost 70%, of social expenditure is funded by social contributions, which is significantly higher than the EU-27 average of 59% in 2006. Slovenia devotes almost 23% of its GDP to social protection, which represents the highest welfare commitment in the region. The Czech Republic is more modest in its share of social protection expenditure with almost 19% of GDP, but due to relatively high GDP per capita, this share of social protection expressed in PPS is similar to Hungary's 22.3% social expenditure. Importantly, these two countries have the lowest poverty rates not only among the New Member States, but also in the whole of the EU.

The Czech and the Slovene welfare states are founded on strong political and popular consensus, which then results in a coherent public policy supporting an inclusionary capitalist regime. The European Commission (2009) appraises the Czech and Slovene welfare states 'as comprehensive social protection systems'. Vecernik (2008) argues that in the Czech Republic social protection has always been highly valued and has not been questioned in any fundamental way. Similarly, Potucek (2007:139) argues that '(b)y and large, the European social model (ESM) [...] and the Czech social model [...] are fully compatible in terms of history, culture, institutional frameworks, attitudes of the population and political legitimacy'. In Slovenia, too, the welfare state developed in a balanced fashion in the 1990s, where economic, political and social considerations produced and maintained a strongly redistributive welfare state. The social protection system of Slovenia played an extremely important role in the transition process. It was a rock of stability in a tumultuous period of rapid economic, political, and social change. The system has to a large degree remained generous, particularly in comparison with those in other Central Eastern European (CEE) countries (Stanovnik, 2004). Slovenia and the Czech Republic also remained exceptional in the region for not following the footpath of radical pension reforms with privatisation and individualisation of old-age risks. Rather,

they have kept their pay-as-you-go systems and opted for a gradual approach with protected redistributive elements (Baum-Ceising et al., 2008).

The balanced socio-economic development in these two countries has been able to maintain very favourable social situations. Both poverty rates and social inequalities are lower than in the rest of the EU thanks to generous welfare provisions and effective redistributive mechanisms, minimum wages are the highest among NMS, and health care coverage is universal with no co-payment required. Although the two strongest welfare states in the region are under heavy financial pressure, there is a firm political commitment in both countries to maintaining not only a competitive, but an inclusive regime.

1.3.2. Migration: a quest for inclusion?

As the previous section has implied, Slovenia and the Czech Republic have built (relatively) inclusive regimes, in which the welfare state is large, well-funded, and effective in mitigating social risks. Both countries are corporatist, which means that an important internal fault line in the system is that between being part of or being excluded from the labour market and social contribution payments. However, a look from the point of view of migration, and the two specific aspects of migration which I will discuss in this part, will highlight another important fault line: that is, how strong inclusion is coupled with deep, but equally strong exclusionary processes. I will take the cases of Roma migration in the Czech Republic and Yugoslav refugees and displaced persons in Slovenia.

The Czech Republic, an ethnically rather homogenous country, has a population of 200,000 Roma. For a long time, the scale of social exclusion which Roma communities faced in all Eastern European countries escaped political attention or considerable policy efforts. The Czech Republic was not an exception. In fact some of the figures were even worse, showing even stronger exclusionary practices than in other countries. For example the unemployment rate among Roma in the Czech Republic was the highest (85%) in Eastern Europe (Tanner, 2005). The extremity of exclusion, ghettoisation and segregation came to international attention first when the international media picked up the story of the Czech town Usti nad Labem, where the mayor, responding to popular request, decided to build a wall (2 meters high and 65 meters long) to separate the 'white' population from the Roma community. The 'wall' caused great damage to the political reputation of the Czech Republic, and in a deal with the Czech government, the mayor decided to dismantle the wall in exchange for 10 million Crown in aid to the town. However, another event has contributed even more to the change in political recognition and policy efforts towards Roma inclusion - and that is Roma migration. It is estimated that around 15,000 Roma left Eastern Europe between 1997 and 2005. Indeed, the first to file for asylum were Czech Romas. The asylum claims were often based on the 1951 Geneva Convention, which states that refugees must have been persecuted or have a well-founded fear of persecution due to race, nationality, religion, political opinion, or membership of a particular social group. Although few Roma obtained asylum on that basis, the number of asylum requests rocketed between 1998 and 2000, which for example prompted Canada to introduce visa requirements for Czech citizens. The EU responded quickly to the situation by requiring comprehensive legislative and policy changes in Roma integration under the Copenhagen (political) Criteria for EU Membership.

For Matras (2000), Roma migration from Eastern Europe signals a lack of confidence in the social structure and institutions. For Guy (2003) too, the rise of racist attacks, the lack of adequate legal protection, increasing social exclusion, and mass unemployment were all push factors that pressurized Roma communities towards migration (see Dikkers, 2007). In many respects the Roma 'story' in Eastern Europe signals the serious shortcomings of welfare states to comprehensively tackle cumulative social disadvantages, dismantle deep pockets of poverty or offer truly inclusionary packages of life chances and opportunities to vulnerable social groups even in the most developed, most generous and best funded welfare state countries in the region.

Slovenia, another Eastern European mini-state with a population of 2 million, escaped the Yugoslav war relatively unaffected. The War affecting Slovenia in 1991 finished in 10 days, and the later Yugoslav wars, first in Croatia and Bosnia and later in Kosovo, caused little disruption to Slovenia's socio-economic and socio-political development. However, after the breakup of the Socialist Yugoslav Republic a strong demarcation between 'Slovenian' and 'non-Slovenian' started, in

which not only refugees from the Yugoslav wars suffered, but also suddenly a large number of non-Slovenians who had lived and worked in Slovenia before the War broke out found themselves losing their status and social rights and becoming 'stateless'. According to the Helsinki Monitor in 1998, there were around 70,000 individuals who lived in Slovenia without documents, but had permanent residency in the country before the War. Severe and persistent human right abuses were reported, a number of people were unlawfully exiled from the country, there were continuous waves of evictions from housing in which 'non-Slovenians' gained tenancy rights during the Socialist Yugoslav times, and reports published on how pension rights were refused to these 'foreigners', resulting in a call for humanitarian aid to them. The UNHCR in 1997 estimated that around 70,000 people had no Slovenian citizenship, or any documents, and as a result had no right to ID cards, health cards, passports, or free education. Due to mounting international pressure, not least by the EU, the Slovenian Parliament passed a Law in 1999, which offered a resolution by 'legalising' the status of 'stateless' people. However, for eight years, forced migration, extradition, and eviction affected tens of thousands of people's lives depriving them of their basic human rights, their right to citizenship, and the right to nationality. Ironically, welfare policies were actively used against them by refusing them pension rights, housing, health care and education. Charities and humanitarian organizations played a vital role in ensuring that people had enough to eat and had access to health care.

Conclusions

The New East-West migration after the enlargement has taken policy makers by surprise in both 'Old' and 'New' Europe. Eastern European public policies have been particularly unresponsive to some of the challenges presented by mass migration. Recently, however, some governments have initiated various programmes, such as attracting highly skilled workers back, profiling the social impact of migration at the regional level, or commissioning research into the family policy and child protection implications of the phenomenon of euro-orphans. What has become clear over the last few years is that migration is not simply a spontaneous process driven by market forces; instead social protection, welfare policies and even more broadly the 'social' is deeply implicated. As much as migration, or, as it is often referred to in EU discourses, 'mobility', brings new opportunities to Eastern European 'free movers', it also creates new social ruptures, new exclusions, and new divisions between those who move and those who stay. Wolfsoon's (2008) concerns over the race-to-the-bottom scenario, where labour and social standards fall in both parts of Europe, is not at all unfounded. Depopulation, demographic changes, changes in family structures, deskilling, labour shortages in specific sectors, regional and rural problems, 'brain drain' and 'brain waste' all require comprehensive policies that offer a proactive rather than a reactive response to many issues relating to human capital. But the EU has a role too; rather than seeing migration as an entirely beneficial, benevolent process of EU integration, it should open up a debate around both the benefits and costs of migration and offer support to Member States which are disproportionately affected by the adverse impact of mass emigration. After all, this could be one way in which 'Social Europe' becomes a meaningful and tangible concept for both Member States and EU citizens.

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