«Trans» without «Formation» — Reloaded. The Social Models of the Eastern and Central European Countries

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The complexity of the task facing us is akin to transforming a Trabant into a Mercedes while speeding down a highway.
Elemér Hankiss

Abstract. Although Europeans may have a common history, it cannot be said that we have a shared history. There are important differences in the way history was and is experienced, in social development, and also in terms of legacies. Many analyses of the complex and inter-related social, political and economic changes of the transformation in East and Central Europe have overlooked important criteria. They explain the process of transformation simplistically as a switch of economic models and ignore the fact that there are substantial differences between functioning market economies that are the result of different development processes. The opportunity that 1989 offered was not simply the introduction of functioning market economies, but to implement the much-postponed process of economic modernization in the region. The transition from a planned economy to a market economy should not have been viewed as the goal, but rather as the instrument for successful modernization. As economic transformation progressed, it became evident that any visible pattern of transformation must contain three elements: 1) the rules and institutions of the market economy, 2) a strategy for modernization (in terms of infrastructure), with 3) elements of the socialist heritage, mostly social welfare and education.

Key words: migration crisis, social welfare models, transformation, work state.

A Common but not Shared History

The texture and character of the transformation in the post-communist countries never had time to fully realize renewal in a nested and protective shell (as was the case for Western Europe after WW II, protected by the military and economic might of the US) to rebuild societies, polities, and psyches after 1989. This has consequences for social attitudes and policies today.

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Although Europeans may have a common history, it cannot be said that we have a shared history. There are important differences in the way history was and is experienced, in social development, and also in terms of legacies. All too often remembrance of the double dictatorship in East and Central Europe, i.e., Nazism and communism, is minimized at best and mostly and usually ignored. This heritage of the 'double dictatorship', which a close colleague has said is hard to emerge from a virgin, has serious and long-reaching implications for democracy and social policy in the region today. For example, there are profound differences in the perception of the word 'social' in Eastern and Western Europe. On the one hand, people in post-communist countries were reluctant to relinquish a rather high level of social protection and 'security' in terms of employment and education that the previous regime provided. On the other hand, as another Hungarian colleague of mine who often works in Brussels commented: «You cannot mention socialism in a negative context in Brussels».

There was no historical precedence for what took place in the region of East and Central Europe after 1989 — «there was no coherent model or template according to which the transformation was to be conducted»[1]. The chaotic multitude of changes in the region continually demanded a variety and flexibility of responses which fluctuated from day to day. This created the potential for innovative and creative interventions on the part of social entrepreneurs, for example, but also lead to grave dangers like the lack of national oversight for healthcare services and institutions.

What mainly occurred, due to international political pressure, was the adoption of a western model, with only a very superficial and not very deep reflection on a possible 'third way' that could have possibly better-suited the long-term development goals of the region as a whole, tailored to different specific national contexts. What we got was called 'shock therapy' which Greeks may recognize clearly and painfully today. In fact, «Greece should indeed learn from the Central European example, by the way sailors learn to avoid shipwrecks by steering clear of treacherous rocks»[2].

For some[3], welfare states in East and Central Europe developed within a liberal regime, but were based on a mixture of social insurance and social assistance with the partial privatization of social policy. For others, social policy is described, rather, as a kind of « 'emergency policy-making', a reca-

1 *Offe C.* Lessons Learned and Open Questions. Welfare state building in post-communist EU member states. Eurozine. 28.01.2010. URL: http://www.eurozine.com/articles/2010-01-28-offe-en.html (accessed: 18.03.2018).

2 *Hossó A.* The West must stop bullying Hungary and Central Europe. 10.10.2015. URL: http://www.capx.co/the-west-must-stop-bullying-hungary-and-centraleurope/ (accessed: 18.03.2018).

3 *Ferge Z.* Welfare and 'Ill-Fare' Systems in Central Eastern Europe // Globalization and European Welfare States: Challenges and Changes. Ed. by Sykes R., Palier B., Prior P. M., Campling, J. New York: Palgrave, 2001. pp. 127–153.

librating of existing institutions under economic and political constraints, according to a pattern of *ad hoc* measures and *bricolage*, with many turns, a high degree of volatility … adopted in the various countries that differed both from each other and from the existing, ideologically somewhat consistent welfare states in Western Europe, be they of the 'social democratic', 'conservative' or (neo)liberal variety»[1].

Pre-1989 Context and the Transformation Period

The former countries of the Soviet bloc began the transformation from different starting points. There was little uniformity in their economies. Although most of the countries were highly indebted, the size and influence of the private sector varied as did the intensity of economic, technological and social contacts with the West. Such differences would have required transformation processes to be specific to the needs of each country. The neo-liberal approach was typically to abolish everything that looked 'socialist', like the destruction of agricultural cooperatives in Hungary that set back agriculture production and distribution for two decades. The strategy that developed was based on the assumption that the only way to salvage and save the region was to transplant Western values. Yet, it was their particular heritage in terms of culture and society that gave to the East and Central European countries certain characteristics that distinguished them from other developing countries in the global economy.

To start with, these were already industrialized economies, unlike most developing countries. Most, in fact, were over-industrialized, or mis-industrialized. As a consequence, transformation was not directed at establishing industrial economies, but at reconstructing industries at relatively low costs, with minimum pain.

The quality of basic and higher education was always high in the region and competitive with Western standards, except for the social sciences which needed to be (re)invented. Basic skills related to the market economy were, of course, missing like accounting, marketing, and management. The challenge was to make the best possible use of existing human capital in the region and (re-)integrate into the global economy. It is becoming clearer after more than 25 years how the educated labor forces from post-communist countries are employed in the world economy. Those that can leave the region for better paying jobs and services do and the brain drain from the region has increased substantially in the last 2 decades. Hungary, for example, with a decreasing population of 10 million, in just the past 10 years, has lost 12,000 people to emigration who used to work in the healthcare sector for better paying jobs and services in western and northern parts of Europe. In just the past 6 months, 1,000 people from the healthcare sector have left the country (415 doctors, 114 dentists,

1 *Offe C.* Op. cit.

33 pharmacists, 259 nurses, 8 midwives, and 83 other specialists related to the industry[1].

We are also seeing the consequences and implications of the non-integration of people into the global economy, e.g., increasing homelessness and social and economic polarization, and rise of right wing extremism. Of course, this is not a specialty of the Wild East, but is a consequence of rampant, unbridled markets and non-transparent and unaccountable market players all over Europe and the world.

All the countries of East Central Europe had an extensive social welfare system, partly due to the socialist ideology and partly as a result of the competition between developed market capitalist economies and the socialist economies. Rising costs would anyway have expedited the reform of these 'premature' social welfare systems, but the task became particularly painful and perilous when it was undertaken during the crucial process of economic transition. In addition, it is true even today that without a state that is strong enough to engender trust in its leaders and institutions, the guarantees for social welfare are jeopardized.

Branko Milanovic[2] expands this argument to encompass the expansion of welfare states in the Western part of Europe after WW II: «the presence of the ideology of socialism … and its embodiment in the Soviet Union and other Communist states made capitalists careful: they knew that if they tried to push workers too hard, they might retaliate and capitalists might end up by losing all». So, in his terms, socialism 'disciplined' income inequality under capitalism, because of Western fear that increased or too much inequality would lead to advances of communist and some socialist parties in capitalist countries (specifically in Italy and France). This also relates to the provision of social services to workers in the East and West by the state. Since the fall of communism and the triumphal rise of a particular kind of capitalism (sometimes referred to as 'jungle capitalism') in the new democracies, the ideological competition has disappeared, and state-directed social welfare systems have eroded or collapsed in many parts of Europe.

Many analyses of the complex and inter-related social, political and economic changes of the transformation in East and Central Europe have overlooked important criteria. They explain the process of transformation simplistically as a switch of economic models and ignore the fact that there are substantial differences between functioning market economies that are the result of different development processes. The economic transformation of the East and Central European countries has an important geographic

1 *Jámbor A.* Miközben a kormány a menekültekkel foglalkozik, darabjaira esik szét as egészségügy. URL: ettosmerce.blog.hu/2015/10/01/mikozben_a_kormany_a_menekultekkel_foglalkozik_darabjaira_esik_szet_az_egeszsegugy (accessed: 18.03.2018).

2 *Milanovic B.* Did Socialism kill Capitalism Equal? Economist's View. 22.08.2015. URL: http://economistsview.typepad.com/economistsview/2015/08/did-socialismkeep-capitalism-equal.html (accessed: 18.03.2018).

aspect as well. They are once again part of Europe, a region of considerable wealth and, until recently, relative stability. With the exception of the U.S. and Mexico, neighboring countries for the first time in modern history find themselves divided by a 'development gap'. Not only have the East and Central European EU members remained poorer that the

EU-15, they are also poorer in the distribution of life chances[1]. No approach to the transformation in the region should lose sight of this fact which has not improved over the past 25 years, and these divisions have only increased since the financial crisis in 2008.

The opportunity that 1989 offered was not simply the introduction of functioning market economies, but to implement the much-postponed process of economic modernization in the region. The transition from a planned economy to a market economy should not have been viewed as the goal, but rather as the instrument for successful modernization. As economic transformation progressed, it became evident that any visible pattern of transformation must contain three elements: 1) the rules and institutions of the market economy, 2) a strategy for modernization (in terms of infrastructure), with 3) elements of the socialist heritage, mostly social welfare and education.

Emergence of the Non-Profit Sector

A strong system of social welfare and education also presupposes a strong civil society that can defend its interests, a well-organized, non-profit sector, and a new social contract between the state and its citizens in the new democratic framework. In the early years (1989-1990), the non-profit sector organized itself rapidly in most of these countries. In Hungary, for example, the number of registered NGOs increased in 6 years from 3,000 to over 40,000. This was the result of at least three factors: 1) citizens were now free to organize themselves into interest groups, 2) they organized to defend themselves in areas which were previously the domain of the state, which was systematically reducing and dismantling its welfare role in response to economic constraints, 3) and because many found it to be a lucrative profession since funding, at least in the early years of the transformation, was available and there was international pressure to secure appropriate partners in this developing neighborhood of Europe.

Of course, a considerable number of these initiatives can be labeled either quazinone-governmental organizations or NGOs set up by government institutions, or mafia non-governmental organizations designed to funnel money to private groups. But at best, a keen professional drive in the civil sphere was apparent. At the same time, competition between groups increased because of quickly waning interest in the region. This resulted in a

1 *Merkel W., Giebler H.* Measuring Social Justice and Sustainable Governance in the OECD. Sustainable Governance Indicators 2009: Gütersloh: Bertelsmann, 2009.

shortage of financial resources vis-a-vis increasing demand. This has only been exacerbated in the past decade. In other parts of the developing world, there has been financial investment in the civil and social services sectors for more than 20 years (e.g., in Africa), whereas East and Central Europe had decreasing support for only 5-6 years.

Before 1994, when interest in the region was high, it was ironically easier for the developing non-profit sector to seek financial recognition and financial assistance from abroad, rather than nationally or regionally. In part, this was because the new state structures in East and Central Europe viewed civil society as an obstacle that would slow down economic transformation which was the priority over all else, including social cohesion. Transition, according to political actors, was a consolidation of political institutions — parliaments, constitutions, parties and elections. These countries were, and still are, ruled by political elites for whom the 'consolidation' of democracy meant the consolidation of 'power' in a new democratic framework. None of these countries, with the exception of Czech Republic, had experienced a democratic system before. Underlying feudalistic structures were easily adaptable to communist hierarchies. The 'totalitarian state of mind' dictated that interest groups, outside of political institutions, functioned to undermine power and authority.

The Fear of Freedom and its Social Consequences

After decades of social division, freedom actually increased the distrust between individuals and groups. In fact, many experienced 1989 as a loss of the freedom that practically implied the loss of freedom of irresponsibility. Suddenly, with little warning or preparation, people were required by the new democratic and capitalist framework to take responsibility for their lives and societies. Neo-liberalism replaced any kind of collectivism with the implantation of a kind of extreme individualism that sacrificed solidarity and social cohesion. The feeling of loss, insecurity and precariousness the new system evoked were soon translated into disillusionment and nostalgia that continues until today.

As Claus Offe[1] remarks: « … the vanished state socialist institutional system nurtured … expectations and notions of social justice that persisted after its demise, most importantly the expectation that government must take responsibility for high levels of employment,» as it had in the past. This can be expanded to the expectations that benevolent state paternalism should continue within the new market-framework to provide social services (including basic food, housing, education, healthcare) and social security. These expectations were severely hampered by the conditionality of international financial institutions like the World Bank and IMF who required strict adjustments to the pension and healthcare systems; and the

1 *Offe C.* Op. cit.

attempt to adapt templates from Western European welfare states drawn from the proposals of international organizations (World Bank, ILO, Council of Europe, OECD) to their own systems[1].

What happens when the norms and institutions are no longer in place as a result of privatization and budget constraints? What happens to the 'comprehensive paternalistic care' syndrome under the impact of democratic capitalism? In a study conducted in former East and West Germany, the following table reveals interesting divisions between eastern and western attitudes towards democracy and social welfare provision that I believe can be extrapolated to many of the post-communist member states:

	former East Germany	**former West Germany**
Democracy implies that the state provides jobs and is responsible for reducing unemployment	55%	39%
Democratic states must control banks	40%	26%
«Socialism is a good idea badly implemented»	74%	49%

The dissatisfaction with state provision in the social sphere has led to dissatisfaction with 'how democracy works' in post-communist countries[2]. The lack of trust in impersonal institutions and inter-personal relations can be substituted by strong leaders and charismatic personalities which has also been observed in the region. A general attitude of mistrust reinforces the gaps in confidence between the ruling elites and citizens, which, then, leads to frequent crises of legitimacy. In emotionally exhausted societies, where people tend to be mistrustful, two types of destabilizing effects may occur. On the one hand, unpredictable explosions of frozen emotion may revive hatred, popular resentment and fundamentalism. On the other hand, emotional exhaustion and existential uncertainty may increase frustration and aggression, leading to widespread social negligence and political apathy. The communist legacy, reinforced by the hardships of transition, was particularly dangerous to democratic reformers who needed popular support for their policies of transformation. Former Yugoslavia is an example of how fear can destroy optimistic prospects for future development and integration in the region and is especially tragic when we remember that Yugoslavia was the first country to be offered EU partnership already in 1967.

1 Ibid.
2 Ibid.

After the initial euphoria and excitement of 1989, a hangover set in. People became disillusioned with political parties and politicians in the 'New Democracies' and with the broken promises and institutional rigidity of the West.

Was the European Social Model ever Relevant to East and Central Europe?

One of the important questions to ask is whether the European Social Model (ESM) was ever relevant or valid in East and Central Europe? In the Western context, Jacques Delor proposed to ensure a certain level of mediation from the largest excesses of globalization with a popular social protection policy. This was a product of a particular ideology of a particular historical period before enlargement, and as Professor Charles Woolfson admits in an interview: "Frankly, the elites of the newer member states had to align with the *aqui communautaire* and thus consequently had to take on board, more or less willingly (or not), certain components of that 'foreign' ideology"[1]. He continues "I do not believe that a social model of this sort, which was essentially a Western European creation of a particular time and place was ever entirely relevant to Eastern Europe. One might actually question the fact that the Eastern elites ever believed in it. Moreover, in the context of the aftermath of the crisis, what little social protection there may have been has been dismantled." He concludes that the social dimension of Europe was probably very secondary in importance in the region.

After 2008: The Hungarian Case

The emergence of a new set of risks for the individual and for society as a whole keeps European welfare states under constant pressure to adapt. These risks are the result of changes in external and internal conditions, encompassing technological shifts, international competition, demographic ageing, migration and the break-up of traditional family structures[2].

The post-2008 financial crisis period has produced pessimistic predictions for the social protection systems throughout Europe, in fact, going so far as to assert that austerity measures might end the ambition of creating a 'Social Europe' altogether[3]. Others claim that Europe is losing its soul[4], as

1 *Triomphe C., Flamant A.* Eastern Europe: Was the social Model ever valid. METIS. 30.11.2013. URL: http://www.metiseurope.eu/eastern-europewas-the-european-social-model-ever-valid-for-these-countries_fr_70_art_29793.html (accessed: 18.03.2018).

2 *Aiginger K., Leoni T.* Typologies of Social Models in Europe. URL: http://www.socialpolitik.ovgu.de/sozialpolitik_media/papers/Aiginger_Karl_uid563_pi d502.pdf (accessed: 18.03.2018).

3 *Pochet P., Degryse C.* The Programmed Dismantling of the 'European Social Model' // Intereconomics. 2012. 4. pp. 212–217; *Taylor-Gooby P.* Beveridge Overboard? How the UK Government is Using the Crisis to Permanently Restructure the Welfare State. Intereconomics. 2012. 4. pp. 224–229.

4 *Vaughan-White D.* Is Europe Losing Its Soul? The European Social Model in Times of Crisis. URL: http://www.oit.org/wcmsp5/groups/public/---europe/---ro-geneva/--ilo-brussels/documents/publication/wcms_236717.pdf (accessed: 18.03.2018).

the financial crisis, austerity, and now the migration crisis threaten already strained social welfare systems throughout most of Europe — particularly in East and Central Europe that has found itself at the frontlines of the current crisis.

Since accession, most of the post-communist countries experienced increasing economic decline and increasing social instability[1]. The post-communist countries of East and Central Europe were hit particularly hard by the financial crisis due to their small, exposed and dependent economies. The countries have had little room for maneuver in terms of social policy reform as a result of the barriers constructed by the European Central Bank and the IMF.

This has been exacerbated, especially in Hungary, by the on-going challenges of the mass migration that has deflected government attention away particularly from the urgent crisis of the public health sector. Although there are some general similarities in countries of the region, Hungary, because of the parliamentary strength of the governing FIDESZ coalition, has carried out changes in many social policy fields very quickly which distinguishes it from other countries. This is partly the result of the non-existence of oppositional political forces since the previous socialist government, and its political players, lost all public support, trust and confidence because of recurring corruption scandals, and increasing socialist government belligerence directed in forceful ways against the Hungarian population. Just think of the attacks on civilians during the 1956 commemoration in Budapest in 2006, for example, and the aftermath.

It is not, however, the case as reported in the media, that there has been no civil dissent expressed about these changes. I have documented in my study of Occupy-like movements the extent and intensity of social forces directed against some of the extreme measures taken both by the former socialist and current FIDESZ governments[2]. Having said that, there is a clear increasing polarization in society in economic terms, but this is also a general European malaise that can give rise to increasing social tensions and divisions also along ethnic (mainly Roma-non-Roma) lines in Hungary. As we all know, "Where there is great inequality, there is great injustice, where there is great injustice, there is the inevitability of instability"[3].

The dramatic shifts, i.e., real welfare cuts in spending in Hungary, can only be compared to those in Greece, and range from 13–14% according to the OECD in 2012. There has been a determined centralization of social wel-

1 *Rupnik J., Zielonka J.* Introduction. The State of Democracy 20 Years on: Domestic and External Factors // East European Politics and Societies. 2013. Vol. 27, no. 1. pp. 3–25.

2 *Jensen J.* Hungary at the Vanguard of Europe's Rearguard? Emerging Subterranean Politics and Civil Dissent // Subterranean Politics in Europe. Ed. by Kaldor M., Selchow S. London: Palgrave Macmillan, 2015. pp. 141–167.

3 *Marshall A.G.* World of Resistance Report 2014. Dissident Voice. 11.07.2014. URL: http://dissidentvoice.org/2014/07/world-of-resistance-report/ (accessed: 18.03.2018).

fare provision, especially in the spheres of education and healthcare since 2013. In some cases, it is argued that the constitutional changes enacted by the government have ensured that there is "no constitutional control over a wide range of governmental activities … including social policy legislation"[1]. One of the most unpopular decisions (Article 22) granted local authorities the power to criminalize homelessness "in order to protect public order, public security, public health and cultural values". This action brought about many civil initiatives in solidarity and support of the homeless, in particular the groups *Solidarity* and *Habitat instead of Jail*.

In terms of pension systems, the problems for pension reforms and financing throughout Europe as a result of the economic and financial crisis, were even more consequential for the economically weaker Central and East European countries. In most cases, parts of the contributions paid to private funds were redirected to the state budgets; in the case of Hungary, private pension assets were nationalized[2]. In response to a request by the Hungarian government to the Commission to reduce the transitional costs of the privatized pension system from the amount of the original deficit (3% of GDP),[3] the Commission insisted on the maintenance of the original ceiling "for reasons including the permanent overspending of Hungary and the fear that the Greek debt crisis" would appear in the region of East and Central Europe as well[4].

Much of the contributions of the private pension funds went directly to decrease the national deficit; in fact, *Eurostat* 2013 estimates that the budget deficit dropped to a record low of 1.9% in 2012, but some of this impact was reduced as a result of the devaluation of the Hungarian forint, for example, among other economic factors. "The idea to decrease public debt through the nationalization of formerly privatized pension funds"[5] caught on quickly in East and Central Europe, and Poland recently announced it would follow this pattern as well. This is just one example of an 'emergency welfare state' response[6] in countries whose economies are under siege by global economic processes.

1 *Sólyom L.* Ein Symbolische Schlag gegen die Neue Demokratie. Die Presse. 31.05.2013. URL: http://diepresse.com/home/meinung/gastkommentar/1412870/Einsymbolischer-Schlag-gegen-die-neue-Demokratie (accessed: 18.03.2018).

2 *Szikra D.* Democracy and welfare in hard times: The social policy of the Orbán Government in Hungary between 2010 and 2014 // Journal of European Social Policy. 2014; *Simonovits A.* The Mandatory Private Pension Pillar in Hungary: An Obituary // International Social Security Review. 2011. Vol. 64, no. 3. pp. 81–98.

3 As Szikra correctly informs, «New member states partially privatizing their pensions systems had the opportunity to deduct transition costs from their budget deficit until 2010. Hungary, alongside with other countries, asked the European Commission for the extension of this derogation — without success.» See: Szikra D. Op. cit. P. 11.

4 *Simonovits A.* Op. cit. P. 89; Szikra D. Op. cit. P. 6.

5 *Szikra D.* Op. cit. P. 6–7.

6 *Inglot T.* Welfare States in East and Central Europe, 1919–2004. Cambridge: Cambridge University Press, 2008.

In terms of unemployment benefits and programs, the government established what it termed a 'workfare society' that was included in the Fundamental Law (Article 19) as follows: "Every person shall be obliged to contribute to the enrichment of the community to their best ability and potential." Since the acceptance of this law, citizens are entitled to social rights only if they fulfill their work responsibilities[1]. Unemployment insurance has been cut in terms of amount (from 20% to 15% of the average wage) and in terms of duration (from 9 to 3 months[2]). Benefits are linked to the acceptance of employment opportunities by the unemployed regardless of the educational level or skills. For this and other reasons, the number of unemployed not receiving assistance or benefits increased from 40-52% between 2010 and 2013, and growing numbers of unemployed simply decided to no longer register[3]. This has particularly effected Roma populations who are exposed to increasing discrimination in public employment opportunities, jeopardizing their inclusion in social assistance programs, in many local communities.

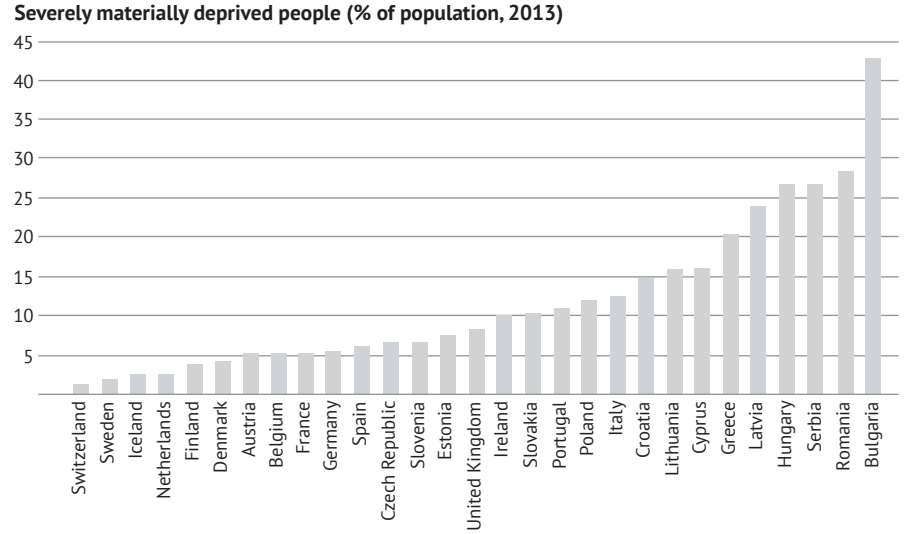
One recent study[4] calculates that 4 million people, out of a total population of 10 million Hungarians, now live below the subsistence level. This disproportionately effects the Roma population who make up between 5-10% of the population, and who now make up one third (a rise from 20%) of the poor. In another study the relative poverty rate (calculated as 60% of the average income) grew from 13.6% to 17% from 2009 to 2012, with an increase in child poverty rates from 21% to 26% for the same period[5]. Szikra[6] warns that shifts in welfare policies in the political arena that act against people's lifestyles may eventually lead to political action.

The graphs below reveal the extent of increasing poverty levels in the European Union[7]. Indices of 'material deprivation' show steep increases in Hungary as well as, although at lower rates, in Italy, the UK and Spain.

In the Baltic countries comparable increases can be observed, but are now decreasing.

Poland, however, even though geographically and historically closer to the Baltic countries development, did not experience any increase. Only Iceland, that also experienced a serious debt crisis, did the rates not increase, but this was due to conscious political policies unsympathetic to creditors.

1 *Szikra D.* Op. cit. P. 7.
2 Ibid.
3 *Cseres-Gergely, Z., Kátay, G., Szörfi, B.* The Hungarian Labor Market Change in 2011-2012 // The Hungarian Labour Market 2012. Ed. by K. Fazekas, P. Benczúr and Á. Telegdy. Budapest: Institute of Economics, Hungarian Academy of Sciences, 2013. pp. 34.
4 *Ferge Z.* Op. cit.
5 *Szívos P., Tóth, I.G.* Inequalities and Polarization in the Hungarian Society. Tárki Monitor Jelentések 2012. Budapest: TÁRKI, 2013. P. 42.
6 *Szikra D.* Op. cit. P. 2.
7 Real World Economics Review Blog. Increasing poverty in the European Union. URL: https://rwer.wordpress.com/2015/03/03/increasing-poverty-in-theeuropean-union-3-graphs/ (accessed: 18.03.2018).



The following graphs show the comparative data related to the severely materially deprived, defined by Eurostat as those people who live with a lack of 4 out of the 9 following provisions: they cannot afford 1) to pay rent or utility bills, 2) to keep the home adequately heated, 3) to meet unexpected expenses, 4) to eat meat, fish or a protein equivalent every second day, 5) a week holiday away from home, 6) a car, 7) a washing machine, 8) a color TV, or 9) a telephone.

There is a clear correlation according to regional observers between the impact of generous and just social policy and political stability; in other words, the stability of the democratic regime depends on good state welfare performance. If we return to looking at the region as a whole, exactly one-third of the total population of the EU-27 live below half the median of the original EU-6 core countries. It is warned that unless income and social security can be improved and brought to some kind of convergence, both within individual member states and between them, the new democracies will suffer from increasing political and social instability that may jeopardize their stable institutional integration into the EU[1].

Social Policy in the Context of the Migration Crises

Amidst all of the negative press, Hungary and its Prime Minister Viktor Orbán have provoked over the last months, some better news was reported on October 9th, when Hungary's finance minister, Mihaly Varga, was elected finance minister of the year for Central and Eastern Europe for 2015.

In response to the financial and debt crisis, and the absence of concerted efforts or will in Brussels to mitigate the circumstances, Hungary took an

1 *Offe C.* Op. cit.

unorthodox and, for many, controversial path towards balancing its national budget. This included taxing banks, telecom firms, retailers, and energy companies, with the reduction of monthly utility charges to customers that proved extremely popular, of course. The direct online connection of cashiers to the tax registry improved VAT tax revenues due to better compliance in a country where the black or shadow economy is still substantial (in 2011, it was estimated at 22 billion Euro or about 24% of GDP). In addition, the highlight of the policy was to allow the conversion of about $12 billion in foreign currency mortgages, mostly Swiss francs, to forints in November 2014. Some of these initiatives have subsequently found sympathetic responses in other countries and have been, or are in the process of implementation in the extended region. As a result, Hungary's GDP growth last year, according to the IMF at 3.6% is impressive. Investment and consumption have risen, and inflation has fallen. There are more jobs available in the private sector, services and manufacturing exports produced an account surplus of more than 4%, and bank dependence on parent funding has declined[1].

After being praised for its financial fortitude in light of the debt crisis, especially in comparison to Greece, suddenly, and surprising, the region of East and Central Europe, and perhaps less surprising, Hungary that is situated at the frontlines of the crisis, are in the international media spotlight. Overwhelmingly negatives terms are being employed to describe East and Central European countries and citizens like xenophobic, racist, inhumane, ungrateful, uncooperative. The countries are criticized for opposing quotas, not showing solidarity, or taking their fair share of responsibility for solving a 'European' problem.

Hungary has been distinguished by extra special treatment. The country is facing a dramatic challenge as an estimated 380,000 refugees, asylum seekers and migrants have entered the country over the past year, that is between 6,000 and 9,000 individuals daily. Most of these individuals do not want to be registered or stay in Hungary, but they keep coming, putting enormous pressure on structures (both public and private) that were never envisioned to cope with, let alone manage, such a massive influx of diverse populations within an already weakened and disfunctional social welfare system.

What has not been accurately or adequately addressed, is why people are flooding into Europe, via its closest external borders. The mass migration is primarily a result of Western power politics for which the East and Central Europeans have had little or no responsibility. The continuing and escalating conflicts in the Middle East, and the centuries of colonial exploitation in Africa, have created the dynamic of a perfect storm that has coalesced over the past summer to bring in astonishing numbers of asylum seekers, with unbearable human misery in their wake.

1 Emerging Markets: News, Analysis and Opinion. Finance Minister of the Year, Central and Eastern Europe 2015. 9.10.2015. URL: http://www.emergingmarkets.org/Article/3496365/Finance-Minister-of-the-YearCentral-and-Eastern-Europe-2015.html (accessed: 18.03.2018).

It can also be asserted, that it is hard to find the values of solidarity and cohesion among the older EU member states. Confusion, disagreement and incompetence prevail. People here are asking the obvious questions: Why did Germany invite all the Syrians, but not other people arriving, and how can you distinguish between relative needs when so many of the countries they come from are war zones? Why did Germany and Austria initially open their borders, and then close them again? Where is the international community whose presence was striking by its absence at transit center sin Hungary? Why were mixed signals sent to the region regarding the implementation of Dublin III regulations for some countries (Hungary) where others (Italy and Greece) were exempted? Why are the up to 70 arson attacks on camps in Germany not reported on? There has never been a bombing or fire set to camps in Hungary. Why are the other walls being built in Europe to keep people out (like in Calais) not compared to Hungary's perimeter walls? Why are the squalid conditions in the largest EU migrant ghetto in Calais, and the tear gas attacks there not regularly reported? Why aren't the feelings, sentiments and intentions of other national governments and their citizens scrutinized in the same way as they are done with reference to Eastern Europe and Eastern Europeans? In general, why are police attacks on refugees and migrants, increasing xenophobia and extremist groups in West European countries (especially Germany, but many others as well) not reported with such frequency or with such vehemence as about Eastern Europe?

The contradictions have pronounced the West-East divide that was never breached after 1989, not even with the accession of the East and Central Europeans who, for many reasons, still feel they are treated as second class citizens in Europe. According to one blogger "It seems to be better PR to shift the blame to Central Europe, especially those countries in the front-line. It would be even better to force them to register and hold huge masses of migrants, who actually do not want to stay there. Then destination countries could freely cherry pick educated immigrants to fill their job vacancies leaving the rest to Central Europe …"[1].

Although I do not defend or support the divisive and corrosive rhetoric that the Hungarian government has employed during this crisis, Prime Minister Orbán does voice the sentiments and fears of many people, and not just in Hungary or East and Central Europe, but in core Europe as well. There are many other world leaders with whom many of us would disagree in terms of their rhetoric and also their actions. In contrast to the big powers, Hungary is a 'mouse that roars' in global terms, but the words and actions of the government have certainly kept the country on the international radar screen and on the front pages of international newspapers.

What is not sufficiently understood is that the fragile democracies that emerged from the cauldron of communist totalitarianism, which dictated

1 *Hosso A.* Op. cit.

what people and countries were allowed and not allowed to do for decades and from which they have extricated themselves, are very sensitive to replacing one form of dictates for other centrally conceived dictates. East and Central Europeans understand very well that their accession was done 'on the cheap', and benefited the West substantially, particularly Germany, with new markets, providing a new buffer zone to the core of Europe, and cheap labor. Taking the moral high ground is particularly distasteful and politically damaging to populations in the region who have suffered under communism for decades. The current Western attitude towards East and Central Europe leads to the further corrosion of what has remained of positive attitudes towards the EU in Hungary and the region. Hungary has never forgotten the Western response, or the lack of it, to its failed 1956 revolution and is particularly sensitive to this Western stance of condescension.

With exception of East Germany accession, the gymnastics required of subsequent accessions of East and Central European members, was not motivated by any real sense of solidarity for a region of *far-away countries with people of whom we know nothing*[1]. Pre EU accession agreements produced many substantial and fundamental 'reforms', that were rather cuts, in areas like social welfare provision, and great sacrifices were required by the citizens to placate market forces. Few if any West European countries could have tolerated these changes as peacefully as the societies in the region. There is a strong sense in East and Central Europe today that once again the countries of the region are peripheral, misunderstood, disdained, over-burdened, and abandoned by a hypocritical West. There is recognition for the proverbial need for scapegoats in the current crisis that continues to go un- or mis-managed, with deflections from the real trauma of refugees, like the recent vote to expel Hungary from the EU. There is a growing solidarity and consensus among the Visegrad countries and their surprising and so far unprecedented insubordination and temerity vis-a-vis the EU.

Although there was some national success in the application of unconventional strategies to manage the financial and debt crisis, for example in Hungary, the challenge of migration will not be met at the national level. The situation is unsustainable and the poorer Eastern European countries do not have the resources (financial and otherwise) to support the migrants that they neither want and that do not, in any case, desire to remain in the region. This has nothing to do with a prescribed 'weaker' sense of humanitarian empathy, compassion or moral standing in this region. Since my work at the transit centers, I have witnessed only a profound sympathy and generosity of the individuals and civil groups working hard to expedite a situation for which there was, and is, no adequate or even minimal European or international response. The question remains open whether the EU and

1 An adaptation of Neville Chamberlain's «Appeasement» quote from 1939: «A quarrel in a far-away country between people of whom we know nothing».

European politicians who have not even been able to manage less complicated issues than the current migration crisis and over which they possessed far more control, are able to see a way forward that takes into consideration the sentiments and experiences of people from Central and Eastern Europe.

At least one thing becomes increasingly clear: there is a disjunction between Western and Eastern European experience as I mentioned in the beginning. Permanent crisis has been characteristic for decades in East and Central Europe, unlike in Western Europe. So, crisis is not new, in fact, we realize that crisis is the normal state of affairs for our region. As a result, we develop different coping mechanisms to deal with ongoing states of uncertainty. This involves a great deal more than just material resources and includes networks of reciprocity and interdependence that developed already under the communist regimes. Today, I could see these networks of reciprocity and interdependence in action at the transit zones. All transit zones in Hungary have Facebook pages with daily updates on the situation and needs; in addition, new initiatives and blogs and networks are emerging every day to care for the migrants and refugees here and elsewhere, and they are becoming increasingly linked regionally and globally. East and Central Europe and Hungary do not lack in compassion. I will conclude with the words of Vaclav Havel about the region of East and Central Europe that are as relevant today as they were in 1989: " ... at the very nerve intersection of our continent ... where diverse spiritual streams and traditions clash or integrate, the vision of the new Europe is being tested. The vision of a Europe which could become a vivid example of the ability for cooperation, solidarity, federalism and integration."

The Present Situation: Can Europe, and East and Central Europe in Particular, Survive More Sudden Shifts?

Recent events of social unrest and protest in East Central Europe, and in Europe as a whole, reveal a systemic crisis. The most recent demonstrations in December 2018 in Budapest reflected a broad and ad hoc coalition of social and political forces that has been absent from the political scene for many years. Students, trade unionists, opposition and alternative party leaders protested new government decisions supported by the majoritarian Parliament. The issues under protest include the enhancement of voluntary labor laws, educational and press freedom, and political corruption issues. Underlying the surface of the protests, and not only in Hungary, is an increasing dissatisfaction, distrust, and anger towards state institutions that are not only not seen as representing the will of the people, but also reflect the popular sentiments that peoples' voices are no longer heard or taken seriously in the democratic process — both at the national and international levels.

Increasing economic and social inequality will increase civil dissent and social unrest in all parts of the continent. We already have evidence in the Brexit vote, the yellow vest protests in France and in the protests taking place

in most major cities across East and Central Europe. The media coverage of these mass protests generally, since the public bailouts of banks during the financial crisis and up until the most recent series of protests, complains about the lack of structure and clear messaging by protestors starting with the Occupy! Movements and continuing today with the yellow jacket protestors. There is, however, an underlying common denominator to the protests and that is the discontent and anger over being left out of the decisive political process and decision making. As Marliére[1] put it: "Conservatives, liberals and socialists have always… argued that the peoples ought to be kept as far away as possible from the process of political decision-making."

At one time, in the not so forgotten past, people from the region did rise up to claim back their voice in the political process. The experience of dictatorship and authoritarianism, and its social, political and economic costs, remains in the regional DNA. In some respects, East and Central Europe may be better equipped to ride the waves of protest, since surviving crisis has been a part of the daily lives of citizens for decades. There have been protests throughout the region and extending to the Balkans (Macedonia in particular). In Slovakia outrage was expressed about the murder of the investigative journalist Ján Kuciak and his fiancée; in Prague over the political scandals and fraud of the Czech prime minister, in Poland against the Kaczyński regime, in Romania against corruption. As The Guardian reporter mentions "Each country has its own story … but events … are part of a wider trend across the region: a new generation of Central Europeans are mobilizing to salvage democratic values they feel are under threat"[2]. In Bratislava on 17 November 2018, at the tenth Central European Forum, young activists from East and Central Europe met at a conference called "Demand the impossible!" a slogan the say reflects the memory of the Paris street protests of 1968 that has recently acquired resonance and urgency for Central Europe today.

As a reporter in attendance at the meeting notes: "Western European liberals and progressives might want to draw a lesson or two from the mobilization in the East. Central Europeans know they are in a fight for values — and what failure might cost them. As a consequence, they adapt their methods. … I'm not saying populism is over in Central Europe. I'm saying the spirit of dissidence is alive and well, and "westerners" should take more notice. Europe's salvation might possibly come from the east"[3].

1 *Marliére P.* The yellow vests, or the discrediting of representative democracy. Open Democracy. December 17, 2018. URL: https://www.opendemocracy.net/can-europe-make-it/philippe-marli-re/yellow-vests-or-discrediting-of-representative-democracy?utm_source=Daily+Newsletter&utm_campaign=9c17d33e54-DAILY_NEWSLETTER_MAILCHIMP&utm_medium=email&utm_term=0_717bc5d86d-9c17d33e54-407380489 (accessed: 18.12.2018).

2 *Nougayréde N.* A New Wave of Dissidents in the east can turn back Eu-rope's populist tide." The Guardian. November 22, 2018. URL: https://www.theguardian.com/commentisfree/2018/nov/22/europe-populist-democratic-resistance (accessed 18.12.2018).

3 Ibid.

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«Транс» без «формации» — перезагрузка. Социальные модели стран Восточно-Центральной Европы

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Аннотация. В статье автор поясняет почему несмотря на существование общей истории, европейцы вряд ли могут говорить о совместной истории. Многие исследования сложных социальных, политических и экономических изменений трансформации в регионе упускают из виду важные критерии. Они упрощенно объясняют этот процесс как смену экономических моделей и игнорируют факт существования значительных различий между функционирующими рыночными экономиками, которые возникли в результате длительных процессов развития. Открывшаяся в 1989 г. возможность заключалась не только в создании «рабочей» рыночной экономики, но и в осуществлении отложенного процесса экономической модернизации. Переход от плановой к рыночной экономике следует рассматривать не как цель, а как инструмент успешной модернизации. По мере осуществления экономических преобразований стало очевидным, что модель преобразований должна содержать три элемента: 1) институты рыночной экономики; 2) стратегию модернизации инфраструктуры; 3) элементы социалистического наследия, главным образом социальное обеспечение и образование.

Ключевые слова: миграционный кризис, трансформация, социально-ориентированное государство, Венгрия.