

# Enlargement of the European Union, globalization, and social policies in the New Member States

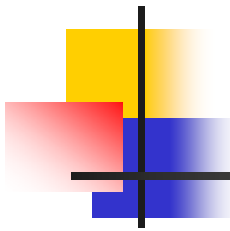
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# Specific social conditions and social policy options of the New Member States (NMS)

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The obvious discrepancy between the Copenhagen criteria of accession (1993) and the Lisbon Strategy (2000), that started to bind NMS as late as in 2002, has created a considerable opportunity for the actors of global economy to use this region as a backdoor for broadening its operational space, especially in social welfare. After analyzing the consequences of this development on living and working conditions of the population of the New Member States, there is discussed the scope of adequate public policy reactions at the European as well as at the national level.



## Note:

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*I limit my attention to the Central and Eastern European countries that share a common legacy of being exposed to the Communism: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. Malta and Cyprus should be analyzed separately as they have never experienced the centrally planned economy and totalitarian political regime.*



## Copenhagen criteria of accession (1993)

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A technical (economic and political) instrument.  
Candidate countries were asked:

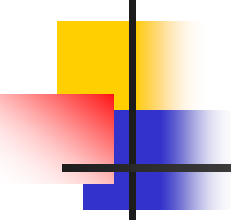
- to reform their national economies to be able to compete – and be compatible – with market economies of the present Member States;
- to build robust and reliable institutions of political democracy;
- to adjust their legal and administrative systems to *acquis communautaire*.



# The Declaration of Nice and Lisbon Strategy (2000, for NMS 2002)

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- New political initiative, rehabilitating the importance of human resources, quality of life, social cohesion, in short, 'social fabric' of contemporary societies.
- **But:** social policy moved to the top of EU political agenda of enlargement as late as nearly one decade after setting up Copenhagen criteria of accession.



# The development of the social situation in the NMS (1993-2002)

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Issues covered:

- the incidence of unemployment and poverty,
- social inequalities,
- health status,
- the quality and accessibility of health and social services.

*It should be noted that, despite some common general tendencies, these and other social phenomena differ a lot around the region of the New Member States.*



# Employment activity rate, percent of the 15-64 years old population

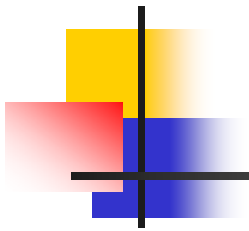
Country	1990	1995
Slovenia	74	65
Czech Republic	79	74
Slovakia	74	70
Hungary	79	65
Poland	69	69
Estonia	76	67
Lithuania	75	72
Latvia	79	75



# Unemployment rate

Country	2002	2003 forecast
Slovenia	11.0	11.3
Czech Republic	8.4	7.5
Slovakia	16.9	18.1
Hungary	5.2	6.2
Poland	17.5	17.9
Estonia	12.2	9.9
Lithuania	11.5	10.4
Latvia	7.7	11.3





# Employees with earning below two thirds of the median (%)

Country	1989	1999
Slovenia	14	17
Czech Republic	15	16
Slovakia	13	19
Hungary	18	22
Poland	11	19
Estonia	19	30
Lithuania	20	28
Latvia	19	26

*Note: The OECD average is 14 per cent.*



# Income inequality (Gini coefficient)

Country	1987-9	1997-9
Slovenia	0.21	0.25
Czech Republic	0.20	0.26
Slovakia	0.19	0.25
Hungary	0.23	0.25
Poland	0.28	0.33
Estonia	0.28	0.36
Lithuania	0.26	0.34
Latvia	0.26	0.33



# Incidence of poverty

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Share of the population living under the national poverty line in the beginning of this decade:

26 % of Hungarians,  
16,8 % Latvians,  
16,4 % Lithuanians,  
13, 6 % Poles,  
10,1 % of Slovaks,  
8,9 % Estonians, and  
8 % Slovenians.

Share of the population living with less than 2 USD per day:

8,3 % of Latvians,  
7,8 % of Lithuanians,  
7,3 % of Hungarians, and  
5,2 % of Estonians.

(Corresponding figures are less than 2% for the rest of the group.)



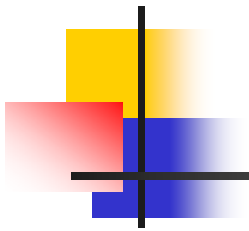
# Children aged 0-15 living in absolute poverty (%)

	Year	2.15 USD a day or less	4.30 USD a day or less
Slovenia	1997/8	0.0	0.9
Czech Republic	1996	0.0	1.9
Hungary	1997	2.4	28.8
Poland	1998	2.0	30.7
Lithuania	1999	4.8	34.7
Latvia	1998	10.0	52.9



# Life expectancy at birth in the New Member States

	Women 1989	Women 1999	Men 1989	Men 1999
Slovenia	76.7	78.8	68.8	71.4
Czech Republic	75.4	78.1	68.1	71.4
Slovakia	75.2	77.0	66.8	69.0
Hungary	73.8	75.1	65.4	66.3
Poland	75.5	77.5	66.7	68.8
Estonia	74.7	76.1	65.7	65.4
Lithuania	76.3	77.4	66.9	67.1
Latvia	75.2	76.2	65.3	64.9



# Family allowances as % of the total household income

Country	1991	1999
Slovenia	0.6	1.4
Czech Republic	4.7	1.6
Slovakia	6.4	4.3
Hungary	8.1	3.8
Poland	4.2	1.2



# Comparison of the satisfaction with the social services

	Present Member States	New Member States
Satisfied	52 %	24 %
Not satisfied	43 %	74 %

**Note:** The Candidate Countries in this case included 8 New Member States, as defined in this contribution, plus Malta, Cyprus, Turkey, Romania and Bulgaria.

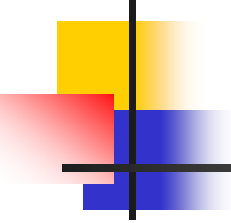
# Comparison of the goals of the Lisbon Strategy of 2000, and the development of social conditions of everyday life in the New Member States I

<b>Goals to fight poverty and social exclusion of EU Nice Declaration and the Lisbon Strategy, 2000</b>	<b>The development of social conditions of everyday life in candidate countries in the 90s.</b>	<b>Selected examples</b>
To provide more and better employment	The sharp drop in overall employment	Hungary: 1989 total employment 5,264 mil. (50,5%); 1999 total employment 3,812 mil. (37,8%)
To ease access to resources, rights, goods and services for all	Access to some social, educational and health services made more dependent on the purchasing power of individuals (re-commodification)	Poland: The number of university students increased considerably: 1990 – 404 thousand; end of the 90s: 1584 thousand. Tuition fees came as a rescue to the school's finances in the situation of dwindling state subsidies. Two-layer health service in Poland and Slovakia: 78 % of Poles (1998) and 60 % of Slovaks (1999) made informal payments for health care.



# Comparison of the goals of the Lisbon Strategy of 2000, and the development of social conditions of everyday life in the New Member States II

Goals to fight poverty and social exclusion of EU Nice Declaration and the Lisbon Strategy, 2000	The development of social conditions of everyday life in candidate countries in the 90s.	Selected examples
To prevent the danger of social exclusion	Growing numbers and shares of marginalized people	Slovakia: the living conditions of the Romany population deteriorated due to the 95 % rate of unemployment and spread of poverty among them.
To help the most vulnerable	Women and children were the losers of transformation	All countries: relative economic position of women and families with dependent relatives – mostly children – has worsened
To mobilise all responsible institutions	Political neglect to issues of social inclusion	Czech Republic's government (1992-1997): "...market is the best remedy to all illnesses of the communism"



## The New Member States will enter the European Union with the health and social policies unable to cope with the demands of the Lisbon strategy

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The New Member States exhibit a serious and persistent social deficit. Thus an initiation of a new 'Social Marshall Plan' will be an inevitable and necessary policy option. A part of it may become:

- The political priority assigned to the support of healthy life styles and healthy environment, along with the prevention of diseases;
- The development of the long-term programming which will serve as a society-wide instrument of coordination;
- The development of specific political and administrative instruments of coordination of the delivery of social and health care;
- The development of policy instruments which will facilitate the transfer of 'institutional good practices' from present to new Member States;
- The reallocation of necessary financial resources at the national and EU level in order to increase the capacity of health and social services in the region.



**Enlargement of the European Union,  
globalization, and social policies  
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**Thank you for your attention.**