

Rescaling emergent social policies in South East Europe

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Introduction: situating South East Europe

It is far from clear where South East Europe begins and ends. It is as much, if not more, a geopolitical construct as it is an identifiable geographical space. It may best be conceived as an emergent subregional space, more ascribed by outside forces rather than celebrated as a region from within. These ascriptions are, themselves, contradictory and somewhat Janus-faced, with a rather pejorative construction of the Balkans, only slightly amended in the European Union's (EU) notion of the Western Balkans (former Yugoslavia minus EU member state Slovenia and plus Albania), standing in some tension with an idea that the countries of the region are next in line for EU membership. These tensions relate to real political processes, which tend to fuse and confuse the border between truly 'domestic' and truly 'international' policy processes, between a status of 'rejoining Europe' or remaining as one of 'Europe's others'. At times, nation-state building processes have led to a scramble for positioning regarding what has been termed 'Euro-Atlantic integration' in which countries and territories seek to out-do their neighbours in meeting broad conditionalities for EU and NATO membership. At other times, quite specific political choices have led to rather idiosyncratic developmental paths being pursued, producing new hybrid political economies merging a rather clientelistic 'crony capitalism' (Bičanić and Franičević, 2003) with the existence of authoritarian nationalisms and parallel power networks (Solioz, 2007). Sometimes, both tendencies appear to co-exist in a rather uneasy relationship not easily challenged by a rather crude 'stick-and-carrot' approach from the EU and other regional players (Bechev, 2006).

The wars and conflicts since 1991, and the reconstitution of various states, mini-states and territories with a rather complex relationship to each other, indicate how political, social, cultural, economic and institutional arrangements have been profoundly destabilised, and subnational, national and regional scales and their interrelationships are still heavily contested (Deacon and Stubbs, 2007; Clarke, 2008). The complexities of governance arrangements in the region certainly stretch the logics of a 'multilevel governance' approach popular within Western European political science, although whether or not this stretching reaches 'breaking point' is contested (see Stubbs, 2005; Bache et al, 2007). The complexities of state fragmentation and state-building consequent upon the wars of the Yugoslav succession remain unfinished.

In this chapter, we explore emergent social policies in South East Europe, broadly including Albania, Bosnia-Herzegovina, Croatia, Kosovo, Macedonia, Montenegro and Serbia, noting some commonalities but, perhaps, above all, emphasising their diversities. At one extreme, Kosovo is still a semi-protectorate with a new EU Rule of Law Mission and an EU Special Representative in situ following a contested declaration of independence on 17 February 2008. Bosnia-Herzegovina also has an EU civil and military mission and still has an Office of the High Representative, overseeing extremely complex governance arrangements, consequent upon the Dayton Peace Agreement, with politicians in one entity – *Republika Srpska* (RS) – frequently asserting their right to independence and some politicians in the other entity – the Federation of Bosnia-Herzegovina (FBH) – urging the abolition of entities and a more unitary state. At the other extreme, Croatia has candidate status for EU membership and, unlike Macedonia which has the same status, has made significant progress in accession negotiations. The Kosovan and Bosnian examples certainly suggest that governance issues in the region go way beyond technical questions of 'coordination'. In addition, the continued role of a plethora of supranational and transnational agencies in South East Europe means that there is no path dependency in terms of Europeanisation, and that questions of supranational agency competition, and of diverse strategic interests and alliances, also need to be addressed.

It is also the case that, with the exception of Albania, all the emerging nation-states and territories from the former Yugoslavia share, in broad terms, a common social policy legacy. Much of this dates from the Yugoslav period, with the Socialist Federal Republic of Yugoslavia (SFRY) after 1945 marked by modernisation linked to industrialisation and mass urbanisation, mass literacy, and universal education and healthcare. Later

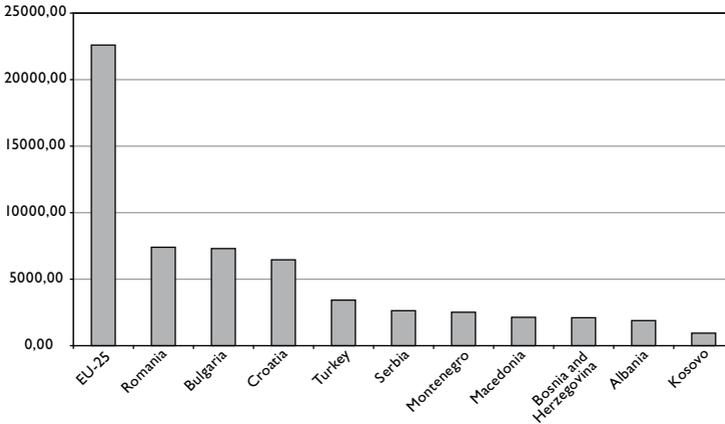
innovative participatory self-management went alongside a recognition of the need for professional social workers in deconcentrated Centres for Social Work (CSWs) to manage social problems and engage in local social planning. Despite this, there is a danger of overstating the homogenising nature of Yugoslav socialism. For much of the period, tensions between dual social structures existed and were exacerbated by political events, particularly in the crisis period of the mid to late 1980s. One dualism was between industrial workers and small farmers and the second between those in the most developed northern republics – Croatia and Slovenia – and those in the underdeveloped Southern republics and autonomous provinces – Bosnia-Herzegovina, Macedonia and, particularly, Kosovo. In parts of former Yugoslavia, which fell within the Austrian-Hungarian Empire, the legacy of Bismarckian social insurance systems also should not be ignored.

This chapter begins by examining the broad contours of contemporary sociopolitical economies in the region before addressing the role of international actors in broad-brush-stroke terms. Three interlinked themes are then discussed in turn: labour markets; pensions; and poverty and social exclusion. A concluding section summarises the arguments, explores the social dimension of emerging regional and subregional processes, and suggests a number of fruitful avenues for further research.

Social, political and economic conditions in South East Europe

The wars of the Yugoslav succession and the turbulence in Albania in the 1990s undermined and eroded welfare legacies, with rather dramatic consequences in terms of economic and social conditions. At the same time, public perceptions of the achievements of pre-war welfare settlements continued to play a role in a kind of conservative nostalgia for those arrangements even in the context of transition. In a sense, the uneven impact of wars, restructuring and the transition paradigm have produced greater diversity in terms of the political economies of the region. Figure 13.1 shows data on Gross Domestic Product (GDP) per capita in 2004 for the countries of the region and Kosovo plus Turkey compared with the-then EU-25, Romania and Bulgaria. While Croatia, at one extreme, has a GDP per capita of almost 30% of the EU-25 average, most of the other countries in the region hover around or just below 10% of the average, and Kosovo is barely 4%.¹

Figure 13.1: Nominal GDP per capita, 2004 (euros)



Source: Eurostat: European Union, Candidate and Potential Candidate Countries webpage

Table 13.1 shows, however, that growth rates have been impressive since 1996 and, in particular, since 2000, although part of this is related to the catastrophic reductions in GDP in the early 1990s, with figures from the United Nations Children’s Fund (UNICEF) suggesting that GDP per capita at constant 2000 US dollar (USD) rates did not recover to 1990 levels until 1997 in Albania, 2002 in Croatia and in Macedonia they have still not recovered (UNICEF, 2007). While figures for Bosnia-Herzegovina and Serbia and Montenegro are not available for the early 1990s, the delay in returning to 1990 levels is likely to be even later given the extent of the war in Bosnia-Herzegovina and the crisis conditions and hyperinflation in Serbia and Montenegro. Indeed, the Economics Institute of Belgrade calculates that, in real terms, GDP in Serbia in 2007 was still only 68% of its 1989 level, recovering from a low of 41% in 1993 (Bajec et al, 2008, p 2).

Aggregate figures are in danger of masking growing subnational regional inequalities within South East Europe and, in particular, growing disparities between capital cities, other large urban areas and rural hinterlands. In Croatia, the ratio of per capita GDP between the capital Zagreb and the poorest county was almost exactly 3:1 in 2002 (UNDP Croatia, 2006, p 30), with a similar ratio observable in Kosovo between the capital Prishtine and the poorest municipality (UNDP Kosovo, 2004, p 26), with a spread of life expectancy by municipality of some 10 years (2004, pp 27-8). Bosnia-Herzegovina and Serbia also

Table 13.1: Key economic indicators, South East Europe, 2006, unless stated otherwise

	Albania	Bosnia-Herzegovina	Croatia	Macedonia	Serbia & Montenegro	Bulgaria	Romania
GDP per capita (current USD)	2,825	2,924	9,649	3,052	4,220	4,089	5579
Growth average (1996- 2006)	5.0	9.2	3.9	2.4	2.2	3.6	2.5
Growth average (2000-06)	5.3	5.1	4.7	1.7	5.1	5.1	6.0
Fiscal balance (% GDP)	-3.2	2.6	-3.1	-0.6	-1.5	3.2	-0.8
Foreign direct investment (% GDP)	3.7	4.6	7.8	5.6	n.k.	12.7	9.8
Government expenditure (% GDP)	27.8	48.6	48.8	35.3	n.k.	38.3	31.1
External debt (% GDP)	20.8	52.2	89.0	38.4	62.1	80.4	32.4

Source: Kathuria (2008, p 2)

[what does bold signify in this table?]

have significant regional inequalities and significant differences between urban and rural areas.

With the exception of the Albanian communities in Albania, Kosovo and Macedonia, the region is marked by rather dramatic demographic ageing of the population. When this is combined with high unemployment, low activity rates and low rates of contributions as a result of the grey economy and the number of workers registered as receiving only minimum wages, there is a significant erosion of contributory insurance-based welfare systems. In terms of health systems, again with the partial exception of Albania, the legacy of well-developed, if over-medicalised, universal health systems in the context of high public expectations of 'health for all', have actually heightened the funding crisis as systems have been unevenly affected as a result of 'locked-in' expenditures, particularly in terms of hospitals and medical technologies. Emerging evidence from surveys points to increasing inequalities in access to healthcare facilities, to treatment, to appropriate medicines

and to quality care, by income, by region and by ethnicity. Research in Croatia, showing trends that may well be common throughout the region, suggests that lower-income groups, the unemployed, returnees, those in rural areas and Roma minorities have significantly worse health outcomes, live further from the nearest health facility and use fewer preventive services than the rest of the population (Šučur and Zrinščak, 2007). In addition, informal marketisation throughout the region and the increasing use of out-of-pocket payments, also seem to affect poor and excluded groups more than others, who are also overrepresented in the group of people who for one reason or another lack basic health insurance.

In terms of governance, it is certainly the case that 'normal' social policy is rendered difficult in the context of disrupted governance arrangements and the existence of what have been termed 'parallel power networks' (Solioz, 2007, p 80) based on the interweaving of formal and informal social practices and a circularity of elites in politics, business and, in some cases, organised crime, working through patronage. Corruption and perceptions of corruption are high throughout the region, with trust in key institutions low. In addition, as noted above, 'state-building', while in danger of technicising the complex social and political engineering that is being attempted in parts of the region, remains unfinished and leads to a reframing of social policy in terms of discourses of security, refugee return and democratisation (Deacon and Stubbs, 2007). In addition, notwithstanding the Yugoslav legacy of public provision through a network of CSWs, there is now enormous diversity in the scaling of social welfare with Bosnia having an over-decentralised system and Croatia an over-centralised one.

A crowded arena: international actors and the making of social policy in South East Europe

A bewildering array of international actors and their representatives, likened to a 'crowded playground' (Arandarenko and Golicin, 2007, p 182), some of whom wear more than one face, all compete to shape the social policy of the region. This has major implications for transparency and ownership, with some countries' social affairs ministries confused and disempowered in these processes (Deacon et al, 2007, p 226). Indeed, it is not unknown for different donors to be working with different ministries on similar themes, from divergent perspectives, at the same time. In this crowded arena, social policy choices can become somewhat arbitrary, with significant policy shifts depending on a

particular constellation of external consultants and ministers working in the absence of any public political discourse or debate. While this is particularly visible in protectorates or semi-protectorates such as Kosovo and Bosnia-Herzegovina, it has a wider resonance.

In addition to the presence of the World Bank, the International Monetary Fund, the EU and the United Nations agencies including the United Nations Development Programme (UNDP), the International Labour Organisation (ILO) and UNICEF, the region is marked by a proliferation of actors, some of which are completely new and largely incomparable with any other bodies elsewhere, and all of which contribute, explicitly or implicitly, to a complex arena of policy advice, project implementation and strategic alliance-building in social policy, largely shielded from public or even research scrutiny. Bilateral donor agencies, notably the UK's Department for International Development (DFID), the [reworded ~ ok] Swedish International Development Cooperation Agency (SIDA) and the United States Agency for International Development (USAID), also play a role but are joined by a very wide range of international non-governmental organisations (INGOs) and emerging international consultancy companies (ICCs). Together with a growing number of 'freelance' consultants, these knowledge workers form interlocking transnational knowledge networks, which may operate in many sites but, when they do cohere in national and subnational spaces, invariably have ties to local intermediaries capable of 'getting things done' (Lendvai and Stubbs, 2008).

An historical analysis of these actors suggests that a little discussed legacy in terms of social policy is that of humanitarianism as a result of the encounter between international actors more used to working in developing country settings and a conflict region with relatively high levels of human development and sophisticated and longstanding social welfare infrastructures. In the name of non-political humanitarian interventions, then, local structures became subordinated to, and mere distribution hubs of, the international aid apparatus, tending to work with emerging new, often professionally led, service-oriented local NGOs rather than with governmental bodies. In some ways, the mistrust that existed between state and non-state actors, and the tendency within international interventions to micro-ise and projectise (see Tendler, 2002) further contributed to a situation in which the region was seen by international actors more through the lenses of social development and post-conflict reconstruction than in terms of 'social sector' reforms (Deacon, et al, 2007, p 233). Certainly, the fact that emergency relief agencies operated through international and local NGOs, often

subcontracted to provide services on a micro scale, tended to encourage the formation of a parallel system with little integration or functional relationship to a well-established system of public services through the network of CSWs.

The World Bank has, arguably, not had such a strong and pervasive role in the region as it may have had elsewhere in Central and Eastern Europe. It is true that a broad 'structural adjustment' framework can be found in a variety of reform projects and programmes, with loans and conditionalities co-existing with rather partial advice on policy choices. It is also true that the World Bank's early involvement and investment in strategic alliances with policy makers, researchers, local think-tanks and other key policy brokers schooled in the World Bank's methods, statistical techniques and broad policy orthodoxies occurred in the region. A number of 'neoliberal' think-tanks and researchers operate in the region, leading to 'a circular process between the knowledge (the World Bank) produces and the audiences that legitimise that knowledge' (St Clair, 2006, p 77).

Notwithstanding these facts, there are a number of complex countertendencies at work limiting the World Bank's role and, certainly, mitigating against the smooth reproduction of neoliberalism. Crucially, the lack of strong state partners both committed to and able to work with international institutions is important. In addition, by the time conditions allowed for greater World Bank influence, there had been something of a 'turning of the tide' (Deacon, 2005) in terms of challenges to 'one-size-fits-all' safety-net thinking. Perhaps even more importantly, an emerging Europeanisation challenged, at least implicitly, some of the World Bank's prescriptions, particularly in candidate countries where the EU's profile has recently shifted from a post-conflict reconstruction agenda to more European understandings of social protection and social inclusion. As the cases of labour market policies, pensions, and poverty and social exclusion show, however, it is the unpredictability of policy advice and the possibility of resistance and complexity that describes most accurately social policy making in the region.

Jobless economic growth: labour market policies

Concerning basic labour trends, South East European countries stand in clear contrast not only to the EU-27 but also to other post-communist Central European countries, now EU member states. With some minor exceptions, the South East European countries have lower activity rates, much lower employment rates, significantly higher

unemployment rates and, in some cases, extremely high long-term unemployment rates. However, there are also notable differences among South East European countries. Croatia has recently come much closer to the EU-27, if only in terms of basic labour market characteristics. What is of particular interest is the striking fact that, in general terms, notwithstanding prolonged economic growth, there are few signs of improvement elsewhere. In Montenegro and Serbia between 2000 and 2006, the employment rate fell and the unemployment rate rose. In other countries, although data are sometimes unreliable, similar broad trends occurred, albeit more inconsistently with periodic rises and falls. High long-term unemployment rates show the structural nature of employment stagnation (Table 13.2). The South East European countries, including Croatia, also share similarities in terms of key groups, with a low share of female employment, and low employment rates for both younger and older workers. For example, the female employment rate was 57.3% in the EU-27 in 2006 compared to 49.4% in Croatia, the highest in South East Europe, 24% in Bosnia-Herzegovina, and only

Table 13.2: Main labour market indicators, South East Europe

	Economic activity rate		Total employment rate		Total unemployment rate		Total long-term unemployment rate	
	2000	2006	2000	2006	2000	2006	2000	2006
Albania	66.2	57.8 ^a	55.0	49.7 ^a	16.8	14.1 ^a	–	–
Bosnia-Herzegovina	–	51.3	–	35	39.73	31.1	–	28.4
Croatia	62.2	62.6	51.3	55.6	17.0	11.1	9.1	6.7
Kosovo	–	52.3	–	28.7	–	44.9	–	41.1
Macedonia	59.7	62.2	40.3	39.6	32.2	36.0	26.9	31.1
Montenegro	60.35	49.9 ^a	38.46	34.8 ^a	19.26	30.3 ^a	–	–
Serbia	68.2	63.56	59.2	49.85	13.3	21.0	9.9	17.0
EU-27	68.6	70.3	62.2	64.5	8.7	8.2	4.0	3.7

Note: ^a 2005.

Source: Eurostat: European Union, Candidate and Potential Candidate Countries webpage

11.8% in Kosovo.

The wars and profound political and economic crises are obviously causally related to the very unfavourable employment situation (Arandarenko, 2004, pp 31-2). In a way, the South East European countries mirror the employment situation in the whole of post-

communist Central and Eastern Europe in the 1990s (Nesporova, 2002), with the crucial difference being that there has not yet been the initially steady, subsequently significant, improvements that occurred there. Even when the wars ended, transition was delayed in parts of the region, for example in Serbia where a populist economic policy within an authoritarian polity sought to preserve formal rights and postpone necessary reforms (Arandarenko and Golicin, 2007).

In a number of other ways, South East European labour markets remain qualitatively different from their Central and Eastern European neighbours. A recent European Training Foundation (ETF) report (Fetsi, 2007) points to the significance of informal, unstable and precarious employment rendering traditional labour market indicators and Labour Force Survey data somewhat unreliable, as many people have developed lifestyle and survival strategies that involve switching between 'multiple employment statuses' (Fetsi, 2007, p 10). The report notes the existence of three unstable labour market statuses: those in informal agricultural employment, often a buffer for those who cannot find formal employment; the unemployed; and 'others' consisting mainly of so-called 'discouraged workers' who are not classified as unemployed or studying. These three groups represent around 40% of the working population in Bosnia-Herzegovina, 25% in Albania and 20% in Serbia, so that high labour market mobility is less an indication of a well-functioning labour market, and more of the rise of precarious labour markets (Sansier, 2006; Fetsi, 2007). High labour market segmentation, with a core of well-protected workers covered by social security schemes, and a significant group of peripheral workers with less secure contracts, and limited or no social security coverage, is a reality in South East Europe (Račić et al, 2005; Nesporova, 2008), and likely to remain so for a longer period. Such a pattern is not unknown in other European countries, particularly those that are more liberal and Southern European, but in South East Europe the level of segmentation seems much higher and the consequences more acute.

The post-Yugoslav countries inherited unemployment insurance and a range of employment institutions from the socialist period that had to be further adapted to new circumstances. Again, this process started relatively late, with the main reforms, generally changes in labour laws and the slow introduction of active labour market policies, not occurring until after 2000. Albania, which did not have unemployment insurance, introduced it through a 1993 law. In the context of massively rising unemployment, reforms restricted the right to unemployment benefit and reduced its value throughout South East Europe **SEE [delete -**

abbreviation not used elsewhere?] (see Arandarenko and Golicin, 2007; Gerovska Mitev, 2007; Ymeraj, 2007; Matković, 2008). Changes in labour laws, usually framed by the policy advice of the IMF and the World Bank, sought to 'liberalise' labour markets, reducing the supposed 'rigidity' of labour contracts and seeking to construct a more dynamic labour market. Change has been piecemeal, uneven and slow, and very far from a sweeping liberalisation in the field of labour rights. This is due, in large part, to a combination of poor institutional capabilities, an awareness of the political price of pursuing reforms, and the rather different context and conjuncture that reformers encountered in South East Europe.

Is privatisation a solution? Reforming pension systems

The pattern in terms of pension reforms also differs in some respects from the general picture in other post-communist countries in Central and Eastern Europe. Radical pension reform, in which a public pension system is subject to the introduction of significant voluntary and compulsory private elements, was a main feature of pension reforms throughout Central and Eastern Europe, becoming, after Latin America, a new receptive site for an emerging pension orthodoxy (Müller, 1999, 2003; Orenstein, 2005). Slovenia and the Czech Republic, whose pension systems could build on more favourable transition circumstances, without the financial pressure of rising pension costs, were the exceptions that proved the rule in terms of the crucial role of the World Bank in influencing pension reforms (Müller, 2002).

Again, while South East European countries show a different trend, the diversity of reform outcomes must be emphasised. Table 13.3 shows the division between 'young' countries, such as Albania and Kosovo, 'old' countries, such as Bosnia-Herzegovina, Croatia and Serbia, and 'intermediate' countries, that is, Macedonia and Montenegro. All of the former countries of Yugoslavia, except Kosovo with its Albanian majority population, have entered the process of demographic ageing much as in EU member states. In terms of expenditures, the situation is somewhat more diverse, but all countries except Albania, Bosnia-Herzegovina and Kosovo are facing the burden of high expenditures. In addition to demographic processes, the political and economic situation, reflected in overall economic restructuring, low employment and high unemployment, and in particular in terms of the costs of wars and the post-conflict consequences, including commitments to war veterans,

Table 13.3: Old-age dependency ratio and pension expenditures^a

Country	People aged 65 or over as share of total population		Pension expenditures as % of GDP
	2000	2006	Around 2004
Albania	–	8.62	4.2
Bosnia-Herzegovina	–	14.09 ^b	3.9 (FBH) 4.6 (RS)
Croatia	16.4	16.94	12.35
Kosovo	5.5	7.1	2.5
Macedonia	9.97	11.14	10.7
Montenegro	11.32	12.73	13
Serbia	16.11	17.21	12
EU-27	15.6	16.8	12.1 ^b

Notes:

^a As information on expenditures in **no EU [should this read: non-EU?]** countries in Sansier's paper is based on different country reports, it is not always easy to identify the exact year of information on expenditures.

^b 2005. **[what does FBH and RS stand for?]**

Source: Eurostat: European Union, Candidate and Potential Candidate Countries webpage for old-age dependency ratio and pension expenditures for EU-27; Sansier (2006) for other pension expenditures

have contributed to the fiscal unsustainability of pension systems in the region.

The countries of the former Yugoslavia inherited a Bismarckian type of pension system, which can be traced as far back as the end of the 19th century when some parts of the former Yugoslavia belonged to the Austrian-Hungarian Empire (Puljiz, 2007). After the Second World War, the system was fully established, based on contributions formally paid by employees and employers although in a state-owned economy that part of the contribution usually paid by employers was actually paid by the state, with benefits calculated on the base of paid contributions. Although the system was completely controlled by the state, it was public and Pay As You Go.

As in other post-communist countries, the World Bank led the reforms proposing a multi-pillar system, where the first pillar would remain public although much reduced, along with the introduction of new compulsory and voluntary-funded schemes. In reality, the timing and sequencing of reforms, the actual reform paths and the overall impact of the World Bank's advice differed significantly in South East Europe compared with other post-communist countries. In the context of widespread political instability and economic uncertainty, Croatia began to implement the pension privatisation plans pushed by the World Bank as early as the

mid-1990s, at the same time as, for example, in Poland and Hungary, although the new, multi-pillar system was only finally in place in 2002 (Stubbs and Zrinščak, 2006, 2007; Puljiz, 2007). The same multi-pillar system was implemented in Macedonia in 2006 (Gerovska Mitev, 2007), while in other countries in the region (Albania, Bosnia-Herzegovina, Montenegro and Serbia), irrespective of World Bank advice, pension systems were reformed but not privatised (Sansier, 2006; Arandarenko and Golicin, 2007; Ymeraj, 2007). Indeed, such cases demonstrate how reform of the public system can effectively reduce expenditures, the main driver of change in any case, without the need for funded pillars in circumstances where both the market economy and state institutions function improperly, and where basic social trust is absent.

The Kosovo story is completely different, but again shows the importance of the prevailing political and economic conditions and the nature of the state-building process. Kosovo as a kind of internally administered protectorate, breaking all ties with Serbia, abandoned completely the inherited system and even the pension rights that could be claimed from the Serbian Pension Fund (Cocozzelli, 2007). Thus, under external influence, not only from the World Bank but also from USAID, the new system was designed and implemented from scratch in 2001, consisting of a mandatory basic or social pension and an individual savings pension, and two optional supplementary employer and individual pension schemes. The basic pension is paid to all permanent residents over the age of 65 regardless of work and contribution history, at a rate of €40 per month. Under political pressure, from 2008 onwards, those who can prove a minimum of 15 years of pensionable insurance contributions receive an extra €35. After its separation from Serbia and in the context of newly initiated economic liberalisation, Montenegro has also started preparations for more radical pension reform, in part as a result of an alliance between external actors and domestic neoliberal think-tanks, showing the continued possibility of experimentation in smaller and newer states in the region. Pension reform issues remain ongoing throughout the region with the World Bank continuing to focus on options to reduce benefits, raise retirement ages and/or raise contributions in the public pillar.

Absence from the public agenda: poverty and social exclusion

Approaches to poverty and, latterly, social exclusion in the region also bear the hallmark of World Bank influence in terms of measurement

and policy prescriptions with EU-compatible relative poverty statistics not yet gathered routinely. Tables 13.4 and 13.5 show absolute poverty lines using the same Purchasing Power Parity (PPP) (Table 13.4) and using consumption basket lines, which vary considerably across the region (Table 13.5), as reported in a number of recent studies. The studies suggest some reduction in absolute poverty in the context of economic growth but high rates, still, in Albania, Bosnia-Herzegovina and Kosovo.

Again, national aggregate statistics do not show significant and increasing regional disparities. Indeed, it has been argued that:

Poverty is concentrated in a distinct band encompassing Kosovo and its immediate surroundings: north and northeast Albania, southern Serbia and northern Macedonia (as well as) ... Western

Table 13.4: Poverty and economic vulnerability rates, South East Europe, 2002-04 (%)

	Year	USD 2.15 PPP per day			USD 4.30 PPP per day		
		Poverty rate P0	Poverty depth P1	Poverty severity P2	Poverty rate P0	Poverty depth P1	Poverty severity P2
Albania	2002	24	5	2	71	28	14
Bosnia	2004	4	1	0	27	7	3
Bulgaria	2003	4	1	0	33	9	4
Macedonia	2003	4	1	0	24	7	3
Romania	2003	12	3	3	58	19	9
Serbia and Macedonia	2002	6	1	1	42	12	5

Source: World Bank (2005, table 2 in Annex)

Table 13.5: Those living below administrative, official or absolute poverty lines (%) and adult monthly equivalent (€)

	Matković (2006)			SPSI (2008)			Adult monthly equivalent (€)
	Year	Rate	Extreme	Year	Rate	Extreme	
Albania	2002	25.0	4.7	2005	18.5	3.5	40.00
Bosnia	2001	19.5	0	2004	17.8	0	94.72
Montenegro	2002	9.4	0	2006	11.3	0	144.68
Serbia	2002	10.6	2.4	2007	6.6	0.3	109.40
Kosovo	2000	50.0	12.0	2005/06	45.1	16.7	43.00

Sources: As shown

Serbia and, within Bosnia-Herzegovina, *Republika Srpska*. (DFID, 2004, p 4)

As the report notes, these areas have traditionally lagged behind and, it could be added, benefit least from the fruits of recent economic growth. It seems that traditional rural poverty is now joined by new urban poverty and by poverty in war-affected areas. Vulnerable groups are fairly consistent throughout the region, including lone-parent households; refugees and displaced persons; minorities, particularly Roma; larger families and those with young children; people with disabilities not resulting from war; and, albeit rather more unevenly, older people, particularly those without a pension.

Notwithstanding emerging evidence that child benefits can be a useful contribution to the fight against poverty, neither Albania nor Kosovo has child benefit schemes, although one of Kosovo's social assistance schemes is available only to those capable of work if they have young children. Elsewhere, there has been no change from a legacy of means-tested benefits with coverage and rates varying considerably. Social assistance schemes are mainly administered by social workers in CSWs or local officials and do not always perform well in terms of poverty alleviation with low coverage.

Less often discussed are social services, which, again with the exception of Albania and partly Kosovo, are still too weighted towards residential care at the expense of community-based services provided by non-state actors. Residential care is problematic less in terms of absolute rates, which are much lower than those in Bulgaria and Romania, and more in terms of quality and appropriateness of care, which is too often long term and remote from centres of population. The general exclusion of people with disabilities in the region, their lack of access to formal labour markets, and problems faced by children with disabilities in accessing mainstream education are also pronounced. In addition, true social planning and the provision of adequate social casework services is missing in the region, with CSWs in need of reform and modernisation of skills. In Bosnia-Herzegovina, municipalities and, to an extent in the Federation of Bosnia-Herzegovina, cantons (a regional tier of government) are the only actors involved in financing social protection, leading to huge disparities of benefits.

Strategic documents, often produced with the support of international actors, are uneven, sometimes contradictory and overlapping, with poor coordination and extremely poor monitoring and evaluation. In Croatia and, to an extent, elsewhere, the influence of the World Bank is

beginning to be challenged by increased EU interest, focusing on strategy development, statistical alignment, consultation with stakeholders and improved horizontal and vertical coordination. In this context, the World Bank favours experimentation as in recent policy advice in Macedonia to introduce certain kinds of conditional cash transfer schemes tying social assistance benefits to desired behavioural outcomes such as school or health clinic attendance, based on experience in Latin America.

Conclusions

In terms of social policy, the region has experienced a series of complex de- and re-territorialisations of welfare in which the existence of refugee and displaced populations and a complex pattern of forced migration and uneven return; contiguous and other diasporas involved in sending significant remittances home; various kinds of 'enclave welfare' in which spatially concentrated ethnic groups develop separate welfare arrangements; and all manner of cross-border claims and entitlements, all co-exist and are rather weakly regulated. In addition, the wars, ethnicised nationalisms and economic restructurings have had significant social consequences that have impacted on the region as a whole, albeit unevenly in different subregions. These developments have exacerbated the differences within the region that were already present before transition. Crucially, the wars, the growth of ethnicised nationalism and political authoritarianism, and the existence of competing state-building projects have undermined further any common legacies that may have existed from the past. Above all, the nature of citizenship claims as a basis for claiming social rights has been fundamentally altered, with new exclusions co-existing with a reconstitution of ethnicised solidarities.

The region is also marked by the presence of a vast army of transnational organisations vying for position and influence and bringing explicit or implicit social policy advice from elsewhere, often confusing rather than clarifying the nature of policy choices, frequently technicising political questions, and rendering policy processes unaccountable and non-transparent. Domestic policy resistance, subversion or simply inertia also plays a part, of course, leading to unfinished and hybrid reforms, rather than 'coherent implementations of a unified discourse and plan' (Clarke, 2004, p 94). Until recently, the region has been seen by international agencies through the lenses of development and post-war reconstruction, thus bringing to the area a development discourse and practice combined with emergency interventions that have reconfigured what is understood in terms of social policy. In Table 13.6, we attempt

Table 13.6: Summary of social policy issues and influences in South East Europe (as at 15 December 2008)

	Main international actors	EU status	Key social policy issues and policies	Scale	Welfare mix
Albania	IFIs	PCC	Grey economy and emigration Rural and new urban poverty and ill-health Social assistance	Increasingly decentralised	State and local state still dominates but INGO/local NGO provision emerging
Bosnia-Herzegovina	IFIs; OHR; others	PCC	Governance of social policy very poor Exclusion of minorities 'Captured' social policy	Highly decentralised	Local state dominates with parallel local NGO provision
Croatia	EU	CC (with negotiations)	Pension reform (three pillar) Flexible labour markets Linking social assistance and social services	Largely centralised	State dominated with parallel local NGO sector and emerging private sector
Macedonia	EU; IFIs	CC (no negotiations)	High and structural unemployment New conditionalities on cash transfers	Mixed but decentralised for political reasons with weak capacity for social policy planning	Mixed but dominated by state and local state
Montenegro	IFIs	PCC	Pension reform Linking social assistance and social services	Centralised	State dominates with parallel INGO and local NGO provision
Serbia	IFIs	PCC	Pension reform; holistic deinstitutionalisation strategies Targeted social assistance	Mixed but absence of true regional policies	Local state dominates with parallel local NGO provision
Kosovo	Others	PA	Safety net minimal system with some discussion of insurance-based system in future	Centralised but proposed decentralisation for political reasons	Local state dominates with parallel INGO provision

Notes: CC = Candidate Country; IFI = international financial institution; INGO = international non-governmental organisation; NGO = non-governmental organisation; OHR = Office of the High Representative; PA = Partnership Agreement; PCC = Prospective Candidate Country for the EU.

to summarise the key international actors, the social policy issues they focus on, as well as issues of the scaling of social welfare and the nature of the welfare mix.

The belated and still rather limited influence of the EU in the region, with only Croatia having any realistic chance of membership in the short or even medium term, is also relevant in terms of the failure to develop a true Europeanisation of social policy. While in Croatia, strategies for tackling poverty and social exclusion, and employment policies, are beginning to be framed in terms of accession, this is not the case elsewhere. For much of the region, the EU's heavily bureaucratised external assistance agenda, and its various aid and reconstruction programmes, bear at best only a passing connection to social policy issues. All of the countries of the region are members of the Council of Europe, with the exception of Kosovo, so that regular reporting on obligations arising from the European Social Charter, and responses from the Council's Committee of Experts, has the potential to align social policy processes in South East Europe with broader European values and perspectives, although these tend to be paper exercises with little real impact.

New structures are emerging, notably a Regional Cooperation Council (RCC), replacing the Stability Act for South Eastern Europe, and meant to be more explicitly focused on regional ownership. Although only recently formed, the Council appears to be adopting a rather technical-bureaucratic approach, promoting cooperation between nation-state actors, neglecting non-state actors, policy entrepreneurship and, indeed, networking. Its choice of initial areas to focus on also seems limited, combining an over-economistic emphasis on development with a political concern with security issues, leaving little room for social policy as traditionally understood. While coordination between the relevant parts of the European Commission, the Council of Europe and the RCC could provide a more consistent set of messages regarding social policy for the region, the shifts needed within each organisation would, however, need to be enormous, in the context of noted 'turf wars' and different kinds of organisational cultures. Consistence of message would, in any case, not necessarily provoke consistent response in a context where there is still little appetite for regional cooperation by policy makers.

Studying South East Europe requires an understanding of 'scale' as socially and politically constructed, so that social policy making becomes both trans-local and consolidated in particular constructed *locales*. The rescaling of social policies in the region has been quite profound

but also extremely varied and is almost nowhere based on any policy discussion much less decision about the optimal scale for different kinds of benefits and services. Similarly, while non-governmental organisations said to constitute a new 'civil society' are everywhere present, modes of incorporation within emergent welfare settlements are extremely complex and contested. The entire space is little researched, with huge data gaps and inconsistencies, a lack of accurate population figures in parts of the region and little investment in building analytical and policy-making capacity for a progressive social policy. Above all, the relationship between national identity, state-building, citizenship, war and humanitarianism, and complex governance arrangements, appear likely to be the key themes through which the social policies of this region will need to be researched in the future.

Note

¹ Eurostat only has GDP per capita in Purchasing Power Standards (PPS) for Croatia and Macedonia. These suggest that Croatia has 52.0% of the EU-27 in 2006 and Macedonia 28.2% (Eurostat, 2008).

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