Prospects for Transnational Social Policy in Europe: East-West Relations
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This essay deals with something that does not exist as yet, and which may or may not come into existence some day: a transnational social system in which rich countries collectively pay for benefits to poor people in poor countries. It is not my intention to advocate such an arrangement, nor to reject it out of hand. But the question of its feasibility and efficacy merits serious discussion among students of social policy, which to my knowledge, the topic so far has not received.

Discussing a possible future development, rather than actual social realities, presents methodological problems of its own. An entire discipline is devoted to this endeavor: futurology. I do not intend to forecast, however, but first to apply some theoretical notions on the expansion of welfare arrangements (in the widest, the British rather than the American sense) to an extrapolation beyond the nation-state. Second, I will use some practical insights based on the historical experience with welfare regimes to speculate about the potential effects of transnational social policies.

Whatever the odds for the emergence of a transnational welfare system, it will not come about during the current budgetary period. It requires a long-term vision. But in this period of rapid, incisive, and worldwide change, we must immediately begin thinking in the long run.

National Character of Welfare States

Welfare states are national states, and in every country welfare is a national concern, circumscribed everywhere by the nation's borders
and reserved for its residents alone.\textsuperscript{2}

In the course of centuries, these states have emerged from and against one another, in mutual competition; in the past century this process of state formation in the West went in tandem with the collectivization of care. The welfare state is the national state in its latest phase. It may be succeeded by another stage, but we have not yet seen that.

Of course, it is possible to look beyond these national borders, first of all by comparing the origins and functions of the welfare systems in various countries. But one may also ask questions that go beyond a comparative approach: Do these national welfare systems together constitute a transnational system? And another mental step ahead: Could a care system ever exist at the global level? Rich nations paying a tax for the joint relief of the indigent in poor countries: Is such a thing even remotely possible?

If one wishes to contemplate welfare states in an international perspective, one must begin with the understanding that states close their territory against other states and that welfare states shield their domain of entitlement against foreigners. Seen in this perspective, a welfare state is not only a national system, but it is also anti-international: a socially secure society is also a closed society.\textsuperscript{3}

Welfare states taken together do not constitute an international system. On the contrary, they are quite on their own, each within its own borders. The connections between these national welfare systems are mainly \textit{indirect}. First, via the international political system made up of states: The pressures these states in mutual competition exert upon one another compel each separate government to seek the loyalty of its laboring and fighting classes, of its workers \textit{cum} soldiers. This was what motivated Bismarck in his social legislation, and this also inspired the Beveridge plan.

There is another, equally indirect connection, this time via the international economic system made up of interlinking markets: Employers, too, must try to develop bonds with their workers, but competitive relations within the international economic system also impose an upper limit to wage costs within each national economy, and this limits the level of care in separate countries.

However, these are only indirect connections, mediated by interna-
tional economic and political processes. There is a third kind of connection: mutual emulation. Once it turned out, by the end of the last century, that in Germany state insurance could survive and even flourish, the scheme made its appearance on the political agenda in Britain (and was rejected in France as a teutonic oddity). Ever since, high civil servants and academic specialists have maintained regular and intensive contacts with their colleagues in neighboring countries and carefully followed the budgetary, legal, technical-administrative, and statistical novelties in adjoining welfare systems. These specialists indeed already constitute an international minisystem of information exchange and reciprocal imitation.

**Integrating Social Policy in the European Community**

In the process of political and economic integration that currently occurs in Western Europe, paradoxically, national welfare systems are kept apart mainly by two preoccupations: that national arrangements will be reduced (or extended) to the level of surrounding countries, and that remaining differences in benefits will provoke “welfare tourism.” The two concerns contradict one another and both go against the effort at integration. But, once again: the welfare state is essentially exclusive and anti-international.

Integration beyond the level of national states (e.g., in an emerging European community), clearly does not produce a supranational synthesis of its own accord, one in which the care system proceeds at the next higher, the continental, level.5

The question at this point is whether some dynamics might operate to overcome the exclusionary mechanisms that work in national care systems. Within an integrating Europe this is not all too difficult to imagine: free movement of capital, commodities, and labor (that is, of money, things, and people) will level off differences in wages, interest, and profit rates. Moreover, once general elections are held for a united Europe, the less wealthy groups of voters, in their own interest, will attempt to tax the wealthier ones. In his unpublished comments on this paper, Jos de Beus has pointed out the many limitations on this expectation: Low-income voters may bet on overall economic growth rather than redistribution, the middle class vote may swing either way, and
the rich may mobilize their extrademocratic resources to prevent redistribution through politics.

Yet, in the course of a process of political and economic integration, the initially quite isolated care systems may well grow into an increasingly interdependent whole; even then, differences will remain, just as they continue to exist in the social security arrangements of the various states within the United States of America. A supranational welfare state within the United States of Europe is therefore quite conceivable.6

Quite suddenly, however, Europe turned out to have a rearside which until a few years ago hardly disturbed the members of the Community, but now irreversibly forms part of the European region: Central and Eastern Europe. In a historical perspective, the overwhelming disintegration of the Soviet Empire can be compared only with the dismantling of the European colonial empires—maybe that is the best way to understand events, as a case of belated decolonization. While the West European powers divided South- and East Asia, Africa, and America among themselves, Russia expanded in North and Central Asia; after the Second World War, the East European countries were added to the empire as provinces. However, in more recent years they increasingly turned into a burden to the mother country, which is currently ridding itself of its outer possessions.

Migration Pressures from Eastern Europe

Abruptly, Eastern Europe has been emancipated, and half a continent is to be had, a plenitude of people and a scarcity of things—abundance of labor, often reasonably well skilled and somewhat familiar with modern factory discipline, but a shortage of consumer commodities, a scarcity of managerial talent, a great lack of modern machinery and factories, and environmental devastation. This is already proving to be an enormous challenge for the capitalist economy in the West and a permanent temptation for economic exploitation and political subjection.

Under state socialism, almost all social benefits were connected to the job, people without employment were without rights. But these economies are now being reformed with massive shutdowns and dismissals en masse, leaving the jobless with only minimal protection.7
As frontiers between East and West are opening up, migration to the West is slowly getting underway.

Recent figures in Eurobarometer on the readiness to emigrate among Central and East Europeans reveal that some 25 to 30 percent of the respondents had considered the option, only a few percent said they would "definitely" leave for the West, and roughly 12 percent (European Russia: 4 percent) thought they would "probably" or "definitely" leave.8 The EC publication comments (p. 38): "If these percentages were ever translated into reality, the results would mean that around 1.5 percent or 2.5 million people of the 15-plus age group would definitely try and emigrate to Western Europe from the region as a whole. The combined figure for those "definitely" and "probably" going would be 8 percent, or around 13 million. Caution should be exercised concerning such eventualities coming to fruition. This question, perhaps more than any other, shows Western Europe what it may be facing if it does not do more to help tackle the causes of Central and Eastern Europe's problems."

The great dislocation of the East European economies has not yet come to its nadir. It now turns out that the great German wall also protected Western labor markets.9 Once the threat of mass migration materializes, the governments of all European countries have a common interest in stopping these flows. This activates a classical mechanism in the emergence of care arrangements: Time and again, the fear of the vagrant poor has persuaded the rich to pacify them with relief. And each time the rich had to overcome their dilemmas of collective action: Each one of them might be tempted to let the others contribute to the collective good of pacification, enjoying the results without bearing the costs of it. Even the suspicion that some might be tempted to do so could be enough to discourage the others from participating. Only if effective mutual coordination was achieved in some form did the dilemma dissolve and could relief arrangements come about. But, in the present phase the migrants are confronted not with rich and wary individuals, but with wealthy states, united in a reasonably effective central coordinating agency, the European Community, which during this transitional stage might be quite capable of organizing and financing some minimal system of benefits in Eastern Europe, so that the unemployed over there can afford to remain where they are.10 Such
schemes have been timidly proposed, but have not received serious consideration. So far, the discussion has been dominated by economists who, understandably, favor production-oriented solutions, rather than transfers to needy consumers, even though these may help sustain overall demand.

In fact, the manifest reaction of Western states has been to advocate a policy of accelerated investment in Eastern Europe in the hopes that this will prevent a catastrophic increase of unemployment. But such investments will result in new jobs only after a certain period of time, and the newly unemployed may have fled their country by then. As has occurred in so many other areas on the periphery of the Western core economy, the final, overall outcome might well be an exodus of skilled workers and an outflow of scarce local capital toward the centers of global activity: the *Caribbeanization of Eastern Europe*.

There has been a second reaction on the part of the West European states: to stem the flow of migrants with administrative measures. But experience suggests that such barriers will either be ineffective or illegal. The internal frontiers of the Community are slowly disappearing while the external borders are long and tortuous, airports and harbors forming so many holes in this rickety armor. For border police to screen this traffic adequately would require much more incisive and blanket authority than national constitutions or international treaties allow for; as a consequence, the day-to-day control of policing aliens is left to the lower echelons of police command and regulated by internal administrative memorandums of shady legality. A further effect is that a steady stream of immigrants succeeds in passing the borders and settles in the host countries without lawful title to residence, devoid of legal safeguards, and exposed to all kinds of exploitation, helpless but "unfair" competitors on the labor market. In the process, the newcomers unwittingly help erode the standards of labor protection, such as restricted working hours, safety regulations, minimum wages and so forth. Thus, the poor from outside the core economies of the world do constitute a threat to the rich nations—in the first place to the poorer strata there, the working class, and the beneficiaries of welfare and social security. And the indigenous underprivileged, feeling threatened by the immigrants, may become a threat to the political order in their own countries. None of the preceding is exclu-
sively characteristic of the relations between Western and Eastern Europe; on the contrary, relations between former overseas possessions and the European mother countries or between Latin America and North America constitute the precedent.

Dynamics of Transnational Collectivization

Quite apart from specific European conditions, there is a question that may be asked in general terms: Which developments could possibly bring about an extension of social care systems beyond the white world of Western wealth? Even within European countries and the United States, social care never went willingly. The rich were ready to shoulder the burden of care for the poor only if they believed they could pacify those who might otherwise constitute a threat to them, or if the continued presence of the poor in their midst held some opportunity for them. Poor people might represent a menace as vagrant bandits, as sources of contagion, as potential rebels; they might represent opportunity as potential workers, recruits, consumers, voters.

But under the circumstances, rich individuals could not carry the burdens of poor relief on their own; accordingly, collaboration between the rich was indispensable. Yet, rich persons who shirked their part in this collective poor care would still profit from the public security and the labor reserve brought about by the efforts at poor relief carried on by their more cooperative peers. In other words, confronting the dangers and opportunities of poverty creates a dilemma of collective action for the rich—a problem that in this context is touched upon only in passing, and mainly as a search strategy in our present quest:12 Do the poor, even in far and foreign lands, constitute a threat or represent an opportunity to the established and the wealthy in the West? And, if so, how do the rich go about solving their dilemmas of collective action? More specifically, is the impoverished population of Central and Eastern Europe perceived as a threat by the inhabitants of the wealthier countries of Western Europe? And what kind of dynamics might prompt collective action to ward off this threat?

Central and East Europeans are perceived in the West as prone to migrate, and it is generally felt that large numbers of emigrants from the East will increase unemployment and undermine the position of
labor in the receiving countries. This, in turn, may lead to social unrest and the rise of xenophobic and racist protest movements. Among the inhabitants of the Community, there are many who do feel threatened by this “migration pressure.”

Individual citizens of EC countries can do nothing to exclude immigrants; as a matter of fact, separate member countries are quite incapable of keeping immigrants out. It is even doubtful whether the Community as a whole will be very effective in closing its borders against newcomers. Clearly, a policy of exclusion would require a collective effort, at the level of the EC in its entirety. And, equally, some policy that might persuade prospective emigrants to stay home would also represent a collective good, benefiting all members of the Community, and requiring the collaboration of at least some of them (although the Federal Republic of Germany went it alone with the German Democratic Republic).

The prospect of collective action usually inspires dilemmas of whether or not to collaborate, whether or not to trust others to join the effort. Such episodes are characteristic of a phase of transition: when agents are already interdependent and aware of this interdependence without their actions yet being coordinated at a higher level of coordination, that of the collectivity. In the case of Europe, there is the sudden possibility of a mass movement of people from the East to the West, the equally sudden awareness of a new interdependence between the two parts of the subcontinent, and there are as yet hardly any mechanisms that may coordinate the policies of all the separate countries involved (which each on their own are more or less effective units of coordination: a few centuries ago, the collectivizing process reached the stage of integration at the level of national states, allowing for cases of disintegration). However, the European Community does constitute an emergent collectivity at a higher level of integration, and it does coordinate its member states with some efficacy.

In other words, there is a motive: the perception of the threat of immigration from the East. And there is a means: the European Community as the agency that may coordinate the collective actions of the wealthy states. In the relations between poor and rich countries, this is a rather exceptional situation: While interdependencies tend to encompass entire continents, if not the globe as a whole, there are as yet no
other effective coordinating agencies with a corresponding scope. In the Western Hemisphere, the United States may function as a "large actor," capable on its own of realizing collective goods for the entire continent. The United Nations has so far rarely been able to overcome its members' dilemmas through effective coordination, although it has shown efficacy in moral entrepreneurship. But, at least in theory, the EC should be capable of enforcing a collective policy of exclusion, and of initiating transnational social policies aimed at persuading the inhabitants of Central and Eastern Europe to remain home and wait for better times.

Such social policies would be transnational in the sense that there is a donor agency that effectively collects the contributions from a number of states and oversees the disbursements to recipient households in a number of other countries, administered by receiving states or non-governmental agencies.

Transnational social policy may be located on a continuum somewhere between international charity and disaster relief on the one hand, and infrastructural development aid on the other: charity and emergency relief tend to be consumption oriented, as is social policy, in contrast to development aid, which tends to be oriented towards production. Charity and emergency programs are usually incidental and do not commit the donors over time; development aid is usually part of a planned program and does commit the donors for an agreed upon period, as transnational social policy schemes should, too.

Migration, of course, is not the only externality emanating from Eastern Europe and affecting the West. There are at least two major external effects, closely related to the first, that create similar predicaments and equally evoke the dilemmas of collective action. Ecological degradation in the East, pollution of water and air, and nuclear waste and unsafe plants have provoked unilateral actions by the neighboring country most affected and collective action by the Community as a more or less coordinated whole. But actual and threatening violent conflicts in Eastern Europe create the most tragic and compelling externalities in Europe and beyond: the failure to engage in collective peacekeeping efforts has revealed most tellingly the full force of the dilemmas so far paralyzing the member states of the EC.

As ecological devastation makes for a much less attractive living
environment, pushing people to leave their homes, and as armed conflicts cause huge streams of refugees, both environmental and military plights increase transnational migration, underlining the first argument of this section.

**Specific Transnational Social Policies**

The economists, administrators, and politicians who are involved in planning international aid have until now shied away from even considering the option of a transnational welfare system, which to them at first sight may seem nonproductive, open-ended, and uncertain in its results. The political and economic consequences of stimulating effective demand among the lowest income groups through a finely meshed distributive mechanism have not even begun to be studied.

When considering the possibilities of transnational social policy, a dilemma emerges that has plagued the architects of poor relief for centuries: if the explicit or implicit aim of the policy is to discourage migration (or "vagrancy," as it was once called), cash transfers may not be effective since those who are most in need are least likely to wander. On the other hand, those who are most mobile—healthy, young, skilled workers (the "sturdy poor" of earlier days)—will be less motivated to seek work at the going wage in their area if they are entitled to some kind of unemployment benefits or minimum income under the transnational scheme.

When the sole aim is to discourage emigration directly, the solution is to create relief work schemes that demand little capital and not too much skill and allow workers to remain close to their families. Such projects have succeeded at times in limiting famine in poor Third World countries.13 These public-works employment projects would constitute development aid and social policy at the same time, and they might also be effective in the much more developed economies of Eastern and Central Europe.

Other policies may be less contested and leave the labor market relatively unaffected; these policies would be aimed precisely at the economically inactive: children, the disabled and the elderly, and, one might add, single parents with young children. Such people are not at all likely to emigrate. They are, however, the categories most endan-
gered by the present transformations. Insofar as adults of working age at present support their aging parents or disabled relatives and also must take care of their children, these policies may have a substitution effect: since the dependent relatives are now supported from external sources, the working members of the household will decrease their contribution accordingly. For the present purpose, this is not at all undesirable since it relieves the burdens on the population of working age, indirectly adding to disposable income in these households without interfering with the labor market. This may well mitigate the incentive to emigrate (and, then again, it may help to overcome one last hesitation, since the dependents who stay behind are now being cared for).

Finally, transnational benefits may strengthen overall consumer demand by increasing the purchasing power in many millions of households. This in turn will stimulate the demand for consumer goods and housing in the first place.

Two policies that target the inactive population seem to be especially suited for further study: First, transnational support for a universal pension scheme. Job-related pension schemes are already in place in all countries of Central and Eastern Europe; the administrative techniques to implement them are well known; they are largely uncontested; and their direct and indirect benefits affect almost the entire population (almost everyone is either elderly or has elderly parents or grandparents). Transnational funds could be used to increase and universalize benefits, while building upon existing pension plans that meet minimum standards of equity and efficiency.

Second, transnational policies might be aimed at children below working age. Analogous to pension support, the funding of family allowances and child benefits could be supported through transnational subsidies. An alternative might be to use transnational subsidies to strengthen and expand provisions in kind. Here, the school might serve as the primary organizing focus. School health services and school meals could help prevent disease and malnutrition. Again, there would be secondary effects in relieving the parents' burden of child care and, thus, indirectly increasing their disposable income, while there may be an indirect effect of increasing employment in the provision of these services.
Nevertheless, young single adults, without children and with parents who are themselves still of working age, would remain least affected by these measures and, at the same time would be most emigration-prone. And here the scheme meets its major dilemma: granting recipients some kind of provisions (e.g., unemployment benefits or minimum entry wages), would discourage them from accepting employment at the going wage on the domestic labor market, while leaving them to their own devices would do nothing to keep them from emigrating. Here, vocational training and extended education may prove to be effective in persuading young adults to remain in their home country. And again, added qualifications acquired in this manner may also improve their prospects for success as emigrants. Nevertheless, support for improvement of continued education constitutes a third avenue for transnational social policy, one that aims at the formation of human capital and therefore is also investment-oriented.

In the present stage of state formation and integration beyond the national state, the dynamics towards collective action have transcended the national context and now operate on a transnational, European, and even a worldwide scale. Transnational social policies, funded by the European Community for recipients in Central and East European countries, seem feasible, would certainly increase their immediate well-being, and might indirectly help to encourage prospective migrants to remain in their home countries. The costs might not even be prohibitive.14 Other programs, however, such as investment aid, debt restructuring, and the abolition of protective tariffs, may be at least as effective in increasing overall welfare and may in the long run help stem emigration flows with equal adequacy.

In the meantime, renewed reliance on the mechanism of international markets and free trade will expose peasants and urban workers even more to the vicissitudes of the international economy. Local and temporary disturbances of international exchange may well uproot vulnerable groups in these societies and cause them to look for a better fate elsewhere. At this point, benign neglect may turn out to be vicious negligence, and the necessity of transnational policy will announce itself with a vengeance.

The disturbances of the market can be cushioned by social policies of one kind or another. But here, one more dilemma looms: these
grand relief programs will not work toward strengthening local self-reliance but instead increase the dependence of the poor in these impoverished countries upon an anonymous and distant transnational relief authority. For transnational social schemes to be effective, they must be integrated in the social fabric and the local economy of the receiving community. The recipients must have some say in their design and implementation. This requires a minimum of decentralization and democracy in the government of the receiving society. It also makes it difficult for a transnational agency to assess and control the projects according to the international standards that define its functioning. Clearly, social policy cannot compensate for the asymmetric relations of dependency, economic and political, that created the need for transfer payments in the first place.

These are years of tremendous transformation throughout the world, and equally, of a profound loss of confidence in both domestic state welfare and international development aid—two innovations that in this century seemed to hold a promise for a somewhat more humane world. Both intellectuals and activists appear to have lost faith in the possibility of social reform, at home and abroad. But even with the great expectations gone, a more modest and realistic prospect still amply justifies the investigation of the long-term potential of social policy on a transnational, even a world scale.

Notes

1. This is a much revised version of the second Den Uyl memorial lecture, presented in memory of the Dutch social democratic leader and statesman Joop den Uyl. An English translation appeared in Government and Opposition, 27. 1 (Winter 1992), pp. 33–51. Here the focus is on European East–West relations, rather than global North–South conditions as in the earlier paper. An earlier version appeared as the 1992 Luigi Einaudi lecture of the Western Societies Program at Cornell University, Ithaca, NY.


3. Cf. Myrdal, p. 131: “The very experience of living and participating in the increasingly effective Welfare State of the rich Western countries must tend to turn
people’s interests inward.”


8. Eurobarometer [published by the Commission of the European Communities], 2 (January 1992), p. 38. Interestingly enough, respondents in Central and Eastern Europe consider emigration from their countries the second or third greatest disadvantage of membership in the EC; cf. Annex figure 40.

9. It is now known that the perfect border which mankind has ever seen could withstand a pressure of fifteen million people, or ten humans per meter, for exactly twenty-eight years before it finally succumbed, in the heart of Berlin.

10. For a review of events see also Volker Ronge, “Social Change in Eastern Europe; Implications for the Western Poverty Agenda.” Journal of European Social Policy, 1.1 (1991), pp. 49–56. “It seems likely that the EC—as well as its individual member countries—will have to commit itself to giving aid to eastern Europe, whether for charitable or political reasons.” (p. 56).

11. See also Georg Vobruba (a) in this volume. The Schengen agreements between Belgium, France, Germany, Luxembourg, and the Netherlands of 1985 and 1990


14. See, for example, the rough estimates of the “amazingly low” costs of various social policies for Hungary, presented by Szusza Ferge, “Social Security Systems in the New Democracies of Central and Eastern Europe: Past Legacies and Possible Futures.” In Cornia and Sipos, pp. 69–90.