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Economic crisis and welfare developments in the New EU Member States: back to the future?

The financial and economic crisis has hit Eastern Europe particularly hard. As many observers have argued, the crisis has fundamentally exposed the vulnerability and the dependency of Eastern Europe. Although more data are to yet to emerge on the social consequences of the crisis, even preliminary data shows that the socio-economic effects are devastating. In the Baltic states for example, the employment contraction has been so severe that the crisis has effectively wiped out the employment gains of the last ten years. Repossessions and household bankruptcy are soaring, social and unemployment benefit uptake has shot up and poverty is sharply on the rise in almost all New Member States. In the context of this development, the paper aims to address three key dimensions of the crisis: firstly, how different welfare regimes in the region are responding to the crisis, and to what degree the crisis will contribute to any significant reconfiguration of the institutional structures of domestic welfare states (domestic dimensions). Secondly, it will look at the role of the EU in the crisis, and its changing discourses on the role of the welfare state, and the need for 'inclusive growth' as an emerging theme in the new Europe 2020 strategy (EU dimension). Finally, the paper will locate the role of the EU in the context of the re-emerging presence and influence of other International Organisations such as the IMF and the World Bank, with striking similarities to that of the 1990s, and will revisit issues around the 'Post-Washington consensus' and its implications for socio-economic development in the region (international dimension).