

Editorial

The second number of the *SEER Journal for Labour and Social Affairs in Eastern Europe* for 2014 focuses on *Engagement and Political Change: Walls Reconstructed?* We have a block of articles focusing on this broad theme from different angles, taking a look both at the state of play in the European Union on the one hand and the south-east Europe region on the other.

Twenty five years after the fall of the Berlin Wall, the European project of the post-WWII reunification of the continent, in conjunction with ever-closer integration, has come under pressure in the wake of the financial crisis and the ensuing Eurozone crisis. The European institutional architecture has, so far, failed to devise a coherent response that would match the need for the stronger supranational structures required by thoroughgoing economic and financial integration with a democratic legitimacy rooted in the national level. Europe is losing clout and popularity, both among its citizens and outside its borders. Europe's role in the world as a normative and soft power has also been shaken recently.

It has been a major source of the European Union's legitimacy, and an important pillar of its effective status as global role model and normative power, that the EU is capable of managing diversity in a democratic and peaceful manner and of promoting economic and social convergence between its richer and poorer member states, thereby fostering cohesion within diversity.

The promise of income convergence – between poorer and richer member states and among the poorer and richer regions within them – has been an underpinning feature of European integration from the outset. In this respect, a glance back over the 25 years of EU history since the fall of the Berlin Wall up to the crisis provides confirmation of an unprecedented feat.

The EU has long been perceived as an engine of convergence – in relation to the poorer regions and nations, it was taken for granted that a convergence of incomes towards the levels of the richer member states would be a matter of time only. In recent years, however, convergence, especially on the southern periphery, has gone into reverse and divergence in all aspects (economy, labour market, politics) has increased to unprecedented levels. At times like this, the key achievements of the EU tend to go unrecognised, although it is not necessary to go far back in history in search of evidence: two significant achievements of the European project have taken place in the last decade: namely, eastern enlargement; and the completion of the principle of the free movement of persons/workers.

The accession to the EU of eight new central/eastern European countries (the EU-8) in May 2004, and the subsequent accession of Romania and Bulgaria in January 2007 (the EU-2), followed by Croatia in 2013, have marked – insofar as it reunited a split continent – an important step in the history of European integration.

Even so, and turning to an introduction of the content of this number, 25 years after the end of Europe's geopolitical division and ten years after the 'big bang' eastern enlargement, the European Union is deeply challenged and its future strategic orientation has become uncertain. The internal challenge it faces has its roots in the shake-

up of its political institutional architecture through the shockwaves of the crisis, but the external challenge is the new geo-political threat posed by Russia (two articles from the thematic block in this number address these two issues respectively). Meanwhile, the other side of the relationship, south-east Europe – although to a great extent on its way to EU accession – presents a likely success case for Europe that is, as yet, far from being accomplished. Bosnia i Herzegovina can be regarded as a warning sign, as its EU-imposed state architecture is cracking (the third of the articles in the block addresses the key challenges there). And, lastly, EU membership is not yet a guarantee of political stability and for a functioning democracy, as the case of Bulgaria, under the pressure of the geo-political challenge posed by Russia, shows (this the fourth article in the block).

Christophe Solioz reviews the current position of an EU characterised by fatigue and threatened by the adoption of an *a la carte* approach influenced by its own heterogeneity. He asks the questions of whether enlargement should be wider and deeper and, in identifying the *how not?*, seeks to figure out the *how?* from which the EU might develop the long-term vision necessary to cope with the challenges of the twenty first century.

A focus on enlargement is also the concern of Jürgen Buxbaum, who identifies two scenarios in which Bosnia i Herzegovina might approach the EU and, in so doing, break out of the impasse in which it finds itself as a result of its complex, alien structure. The Dayton Agreement might have ended the war, but it did not launch the peace, and this is the legacy within which Bosniacs must live. Jürgen, who is writing in a personal capacity and as a friend of the country, starts from an assumption that the route to breaking the deadlock lies via the expected secession of Republika Srpska and that this will provide the opportunity for Bosniacs to address their current economic, political and social agony.

Dobrin Kanev sets the recent snap election in Bulgaria in the context of its recent electoral history. The election was held in complex circumstances and has resulted in a highly-fragmented parliament. An usual, and perhaps rather fragile, coalition has been formed, but it is evidently unclear as to whether this will prove lasting or another transitional stage. What is clear is that support for Bulgaria's parliamentary democratic process – measured in terms of the turnout – has continued its downwards trend which has been maintained virtually ever since the elections in 1990, and that things must be urgently done to overcome political apathy and to revive democratic legitimacy, particularly among the young. Bulgaria is, nevertheless, far from alone in that.

The new geo-political shapes, and their impact on energy policy, are the concern of Thomas Batten who reviews the EU's response to Moscow's use of energy as a geo-political force in terms of the intention to create a strategic priority to diversify its energy supply, particularly in natural gas. The author argues that it is probable that the immediate vehicle for this – the Southern Gas Corridor – will not to be a solution on the grounds of instability and the increasing power of China, and that this implies Russia will not lose the power that its energy-supplier status conveys, even prior to its cancellation of the South Stream project.

Turning away from our thematic block of articles, Martin Hutsebaut reviews tax and budgetary policies across the range of countries in south-east Europe, setting these

into the context of these countries' approach to the EU and, therefore, against the backdrop of EU policy concerns. Tax policy does play a key role in generating growth and employment, but experience so far points to the expected direct effects of low flat rate taxes – namely an increase in FDI alongside a decrease in the shadow economy, has not yet materialised.

Ermira Kalaj, who produced a notable and important article for us recently – returns to her theme to investigate the impact of remittances on health capital accumulation. Households do increase spending on health care where they are in receipt of remittances, especially in rural areas. This has important implications for economic growth since healthy households are more productive ones, while a vulnerability to health risks is associated with long-term unemployment.

Additionally, and in areas other than health, we know that remittances can contribute to the economic development of a country by going directly into productive investment. Eduart Lika examines the case for the targeted orientation of remittances away from consumption and towards investment, in the context of the strategy in this direction developed by the Albanian government. Poverty is the main cause of migration and tackling that underlines how remittances might best help Albania and its economy.

Finally, Andrea Olšovská and Marek Svec also continue the theme of an earlier work for us by reviewing the issue of strike action against the themes and goals of the partnership agenda. Their starting point is that, in the post-crisis world, employee organisations are not only finding it difficult to gain sufficient traction to engender improvements in working conditions, they are actually finding that the collective bargaining environment has become significantly more difficult.

Improving terms and conditions of employment, alleviating poverty and inequalities in the process, continues to be the key role of trade unions right across the world – and certainly in south-east Europe. At the same time, it also provides the key to economic growth and employment and, additionally, it is not too fanciful to imagine, to a revival of legitimacy and trust in our democratic institutions.

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