MAJA BREZNIK*

The 'Uneven and combined development' of elderly care in Central and South-East Europe

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* [maja.breznik@mirovni-institut.si] (Mirovni inštitut)

Abstract

The article examines the development dynamics of elderly care in countries along the core–semi-periphery–periphery axis. The geographical scope of the study is framed by international migration flows, focusing on four countries in Central and South-East Europe: Bosnia and Herzegovina, Slovenia, Austria, and Germany. The article demonstrates that, although their development trajectories vary, these countries together exemplify what Trotsky termed 'uneven and combined development'. In addition to the analytical study, we use two variables (from Eurostat and the World Bank) to illustrate how the social economies of core, semi-periphery, and periphery countries are related. The two variables indicate that, while the relative differences between the countries are decreasing, the absolute differences are increasing. The 'snowball effect' helps explain the region's uneven and combined development, in which inefficient and wasteful social economies – particularly in the core countries – play a role in addition to economic disparities between countries.

Keywords: *long-term care, institutional elderly care, labor migration, uneven and combined development, Central and South-East Europe*

1 Introduction

The shortage of care workers in the core countries of Europe is drawing labor away from the semi-periphery and the periphery (Arrighi and Drangel, 1986; Vieira, 2018; Wallerstein, 1976). This is extending the 'crisis of care' to the periphery (Fraser, 2017). Transnational labor migration thus inevitably entails institutional and developmental adjustments in countries where crises of care have newly emerged. This article examines the development dynamics concerning elderly care between the core, semi-periphery, and periphery in Central and South-East Europe, focusing on four countries in the region: Bosnia and Herzegovina (BiH), Slovenia, Austria, and Germany. These states are linked by inter-state migration in elderly care as sending or receiving countries, or both.

The analysis draws on previous comparisons of social care systems that examine tendencies, inconsistencies, and developmental trajectories rather than rigid national cross-sections (Albertini and Pavolini, 2017; Bettio and Platenga, 2004; Daly and Lewis, 2000; Saraceno and Keck, 2011; Simonazzi, 2009; Verbakel et al., 2023). They analyze social care systems at the intersection of the state, market, and family and consider various support instruments (cash and in-kind benefits for care), forms of care (either formal or informal), types of labor markets (formal, precarious, informal), as well as the public and private provision of services. This led Daly and Lewis (2000, p. 291-293) to identify two main paths of change in Europe: first, the market is assuming a greater role than before, and second, cash benefits are becoming a substitute for formal care. Simonazzi (2009) similarly exposes the two changes—the shift

from institutional to home-based care and the shift from public to private procurement of services—and connects them with the emergence of informal labor markets in elderly care. When assessing public policies from the perspective of gender equality, Saraceno and Keck (Saraceno and Keck, 2011; Verbakel et al., 2023) also classify social policies along the lines of (de)commodification and (de)familiarization.

Of the four countries under consideration, studies frequently examine Germany and Austria, rarely Slovenia, and even more rarely Bosnia and Herzegovina. The Austrian and German care models are presented as unique in that they involve a private care model with public funding (Bettio and Platenga, 2004, p. 101) and cash benefits as a substitute for formal care (Daly and Lewis, 2000, p. 293) or an incentive for self-support (Simonazzi, 2009). Their care models have been observed to facilitate familiarization and only marginally decommodified defamiliarization (Saraceno and Keck, 2011; Verbakel et al., 2023). In contrast, Slovenia is only briefly mentioned in a group of countries with mixed policies, some of which support defamiliarization and others familiarization (Saraceno and Keck, 2011, p. 395). Bosnia and Herzegovina is not considered.

The article presents the perspectives of semi-peripheral and peripheral countries, which are often overlooked in comparisons of European care models. This approach involves an examination of care models on the core–semi-periphery–periphery axis. It implies that we are not simply interested in comparing the four mentioned countries and their care models. Our focus is on internal sectoral developments, coupled with the dynamics of development among countries affected by transnational migration. The concept we use to capture both aspects, the comparison and the dynamic processes, is *uneven and combined development* (Trotsky, 2017). This will help us understand the (re)shaping of care systems on Europe's margins.

In addition to comparative studies, researchers have produced many reports on social care changes in four countries. Their descriptions and analyses point to different development paths and outcomes in the countries studied (Blank, 2020; Bosch, 2015; Filipovič Hrast and Rakar, 2020; Hegelich and Meyer, 2009; Jusić and Obradović, 2019; Kolarič et al., 2009; Obradović, 2021; Obradović and Hirose, 2022; Österle, 2013; Österle and Heitzmann, 2020; Theobald and Hampel, 2013; Trukeschitz and Schneider, 2012; UN Women, 2023; Zuchandke et al., 2012). It can also be concluded that the modernization of the social care sector is being spearheaded by leading countries, with others following suit. Similar to comparative studies, country reports indicate that these changes have resulted in the emergence of welfare markets, suggesting that the private sector is becoming a significant force in the development of elderly care. Moreover, the four countries form a migration chain in which Bosnia and Herzegovina is a sending country, Slovenia is a receiving and a sending country, and Germany and Austria are receiving countries (Melegh, 2013, 2023).

Two questions emerge from these conclusions. Do institutional changes create a need for labor migrants (Hrženjak, 2019)? That is, are institutional developments responsible for labor shortages in the care sector, not only the usual suspect of a demographic crisis? Second, emigration and immigration link national welfare systems and inevitably require certain adjustments to be made between the systems. This raises the question of the direction of regional development in elderly care. Does it aim to reduce or increase uneven development between countries?

To answer these questions, the article draws on secondary sources and material collected during the *Transnationalisation of Care for Older People* research project. Interviews with stakeholders, including policymakers, care home directors, and trade unionists in Slovenia and BiH (19 interviews), as well as interviews with migrant workers in Slovenia (16 inter-

views), provided valuable information. Fieldwork was conducted in 2022 and 2023. Interviews lasted between 30 and 90 minutes and were conducted with the informed and signed consent of participants. All interviews were recorded, transcribed, and subjected to thematic analysis.

The investigation proceeds as follows. The study commences with Slovenia as a point of departure for the description of regional labor migration patterns in elderly care, given its intermediate position. The delineation of migratory patterns furnishes the geographical framework, encompassing four countries: Germany, Austria, Slovenia, and BiH. The group includes core, semi-periphery, and periphery countries. This characteristic makes the region a promising site for applying the concept of uneven and combined development. We then explain the models of elderly care in Germany, Austria, Slovenia, and BiH. Finally, we delve into the dynamics of regional development and substantiate our argument by analyzing statistical data on health and social protection spending. In the conclusion, we discuss the interlinking of care systems in the region.

2 Migration flows between South-East and Central Europe

We begin our description of regional migration flows in elderly care with Slovenia, where the financial crisis has triggered the emigration of care and health workers. In 2012, the sovereign debt crisis prompted the hasty implementation of austerity measures (Breznik and Furlan, 2015). These measures had a significant impact on the public sector (Hrženjak, 2018), resulting in wage cuts and a freeze on new hirings. This led many health and care workers to seek job opportunities abroad, particularly in Austria and Germany. By 2018, the expansion of private care homes and the withdrawal of austerity measures had turned the problem of surplus labor into a chronic shortage. Instead of increasing wages to attract new staff, care homes have filled their vacancies with foreign workers. Within a few years, by 2023, the share of foreign nationals had expanded to 7.8 per cent (Hrženjak and Breznik, 2024).

Among migrant workers, 60 per cent of foreign nationals working in care homes were citizens of Bosnia and Herzegovina. This was a result of emigration from BiH in the decade prior, when over 400,000 BiH nationals were looking for permanent or temporary work abroad,[1] mostly in Slovenia, Germany, Croatia, and Austria (Čičić et al., 2019; Domazet et al., 2020; Efendić, 2021; Jakovljević et al., 2021). As Slovenian employers generally employ men in the construction, manufacturing, and transport sectors, care homes started to recruit the wives of foreign workers who had come to Slovenia for the purpose of family reunification. Furthermore, they incentivized their employees to encourage relatives and friends to immigrate to Slovenia. With the help of the Employment Service, they organized job fairs in the countries of South-East Europe. The statistics already show results of these efforts: the share of women among those obtaining a work permit has risen rapidly, from 1.5 per cent in 2017 to 5.1 per cent in 2019 (Jakovljević et al., 2021, p. 10). This coincides with the growth in the proportion of female migrant workers in social care.

However, Slovenia is competing with high-wage countries for 'labor reserves' from Eastern Europe (Melegh, 2023, p. 174). In 2013, Germany concluded the Triple Win agreement with Serbia and Bosnia and Herzegovina to recruit nurses and technicians. By 2020, when Serbia cancelled the agreement, 800 nurses had left Serbia for Germany, and 600 from Bosnia and Herzegovina, where the agreement remains in force, by 2021. Many more left the countries individually or via intermediaries. Domazet et al. (2020, p. 147) estimate that 1,000 doctors, 200 specialists, and 2,500 nurses and technicians have left BiH in the last five years alone,

[1] World Bank, SM.POP.NETM (indicator), period 2011–2021.

primarily heading for Germany and Austria.

This brief outline gives an overview of the movement of labor between countries. To summarize, the emigration of health and care workers from Slovenia to Austria and Germany has caused a labor shortage. These workers are being replaced by migrants from BiH and other former Yugoslav republics, who are migrating in large numbers to Slovenia, Austria, and Germany. It is commonly believed that ageing societies draw care workers from less developed countries with younger populations. Although the proportion of people over 65 in the overall population varies from country to country, these variations are not that significant and are decreasing due to migration. By contrast, we will examine care systems closely to establish whether institutional arrangements themselves generate a need for labor in elderly care. Before proceeding, we offer some notes on the conceptual framework.

2 The concept of 'unequal and combined development'

The concept of uneven and combined development was developed by Leon Trotsky to explain why a proletarian revolution was possible in 1917 in a Russia that had neither the material prerequisites nor full capitalist development. Trotsky linked uneven development (of sectors within the state or of countries) to the law of combined development in the introductory chapter of *History of the Russian Revolution*. Here, Trotsky explains that while backward countries imitate advanced countries, they do not have to go through all of the stages of development and can skip some (which is why backwardness can also be a privilege). On this basis, 'a peculiar combination of different stages in the historic process' (Trotsky, 2017, p. 24) emerges; that is, 'an amalgam of archaic with more contemporary forms' (Trotsky, 2017, p. 25). Some 'contemporary forms' may be highly developed, but these aspects are dialectically complementary to the backwardness in other parts of society.

Even though Trotsky left only an introductory chapter and a few short passages, he opened up a new field of research. This theoretical potential was taken up by Latin American dependency theorists who, like Lenin and Trotsky before them, were confronted with the problems of peripheral capitalism. They recognized that they could only understand the situation of the periphery if they started from the position of capitalist world development as a structure of the whole into which the peripheral state is integrated via subordination.

This theoretical problem was addressed by early Latin American authors such as Raúl Prebisch, Celso Furtado, Osvaldo Sunkel, and others (Kay, 2011). The historical study by Fernando Cardoso and Enzo Faletto on the development of Latin American countries after they had freed themselves from colonialism and become independent states suggests that the external links with the world capitalist system (for example, the global demand for agricultural and mining products) determine the nature of the economy in peripheral economies (Cardoso and Faletto, 1979). According to their line of reasoning, external influences appear as internal forces, which shape national developments. Ruy Mauro Marini further defines the conditions of subordinated development, or 'development of underdevelopment' as famously coined by Frank (2009). He describes it as 'a relation of subordination between formally independent nations, in the framework of which the relations of production of the subordinate nations are modified and re-created to ensure the expanded reproduction of dependency' (Marini, 2022, p. 117). In our field of research, this means that national social care systems are developing interdependently, while external influences, such as cross-border labor demand for care workers, manifest as endogenous forces. These forces are rearticulated in many different forms but often create an 'expanded reproduction of dependency'.

However, they are not necessarily articulated in this way. Justin Rosenberg, who devel-

oped a new field of study based on the concept of uneven and combined development, showed the opposite with the case of 'Chinese shock' (Rosenberg and Boyle, 2019). The authors examined Western neoliberal economic policies of deindustrialization and China's rapid industrial and technological growth. The uneven and combined development of these two poles led to negative trade balances, labor polarization, growing inequalities, and, finally, two dramatic events in 2016: the election of President Donald Trump in the United States and the United Kingdom's withdrawal from the European Union (Brexit). Therefore, uneven and combined development is not unidimensional.

In applying the concept to our analysis, we must explain the method that can be derived from it. Analyses of social care systems should not be limited to institutional cross-sections that are frozen in time. Uneven and combined development concerns a structure that produces unintended results and unfolds over time. We can grasp the influences, reactions, and adaptations if we situate them in a temporal dimension, where they begin to act in dynamic (dialectical) processes. This is necessary because our aim is to achieve a complex unity of 'structural causality' (Althusser, 2015).

We proceed with the examination of the institutional arrangements for elderly care in four countries: Germany, Austria, Slovenia, and BiH. Our focus is on the specific arrangements and overall development dynamics.

3 National long-term care arrangements

3.1 Public support for demand: Germany and Austria

Germany introduced a welfare state in the 1880s to counter the growing popularity of the socialist movement (Hegelich and Meyer, 2009). The German and Austrian systems are considered to be conservative, based on the male breadwinner family model (Österle and Heitzmann, 2020, p. 23). While after the Second World War Germany developed an 'inclusive welfare state' (Bosch, 2015, p. 176), in the mid-1970s it turned away from the 'social market economy' (Hegelich and Meyer, 2009, p. 122). In the 1990s, it concentrated obsessively on reducing non-wage labor costs to below 40 per cent to boost the economy's competitiveness (Blank, 2020, p. 112). Further reforms introduced a multi-pillar pension system (2001), deregulated the labor market through the Hartz reforms (2002-2003), and raised the retirement age to 67 (2007).

The doctrine of New Public Management aims to reduce public spending and increase private funding. It has created a welfare market, including through the privatization of public institutions (Zuchandke et al., 2012, p. 215). In 1995, long-term care insurance was introduced in Germany (Hegelich and Meyer, 2009, p. 122). Everyone in need of care is entitled to it, regardless of their income (Zuchandke et al., 2012, p. 217). Beneficiaries can choose between home and institutional care, although the benefits vary depending on the type of care and do not cover all costs. This means that families must finance a considerable share of care costs (about 50 per cent for residential care), a figure which is increasing as benefits have not been adjusted for inflation. Private insurance companies have caused additional inequalities. Private insurers generate surpluses, whereas public insurers incur deficits since they insure individuals with lower incomes and greater health risks (88 per cent of the population) (Theobald and Hampel, 2013, p. 121).

Historically, the German welfare state has prioritized cash transfers, leaving the provision of social services to charitable organizations (Bosch, 2015, p. 181). Recent reforms abolished the privileges held by non-profit organizations and opened up the provision of services to for-profit companies (Theobald and Hampel, 2013, p. 127). This has encouraged private sec-

tor investment and even the emergence of multinational companies (KPMG AG Wirtschaftsprüfungsgesellschaft, 2021, p. 188). While non-profit (religious) organizations dominated before the reform, in 2019, 51 per cent of care recipients were in for-profit homes, 48 per cent in non-profit homes, and two per cent in public homes (KPMG AG Wirtschaftsprüfungsgesellschaft, 2021, p. 186). In general, families prefer home care (KPMG AG Wirtschaftsprüfungsgesellschaft, 2021, p. 184) due to the high co-payments for institutional care. If they cannot provide care themselves, they resort to the use of undeclared work by migrant women, especially from Eastern Europe, who provide 24-hour home care. An estimated 500,000 migrant workers are working in households, 90 per cent of them informally (Safuta et al., 2022, p. 311). Working conditions in institutional care are also difficult, resulting in an above-average employment rate of 18 per cent for migrants, compared to a national average of seven per cent (Theobald and Hampel, 2013, p. 130–131). Despite an enormous influx of migrant workers, the system has not alleviated the chronic labor shortage, with a reported shortage of 130,000 workers in the elderly care sector (KPMG AG Wirtschaftsprüfungsgesellschaft, 2021, p. 191).

As in Germany, Austria's welfare system developed in the 1880s, with social security also depending on employment status. By the 1990s, the range of social entitlements had expanded (Österle and Heitzmann, 2020, p. 21). Although social dialogue and the welfare state are still strong, 'welfare chauvinism' has curtailed the social rights of migrants.

In 1993, Austria was the first country to introduce a universal care allowance. Despite trade unions and employers' organizations being against it (Österle, 2013, p. 164), a 'cash-for-care' system was introduced. The state pays a care allowance that everyone is entitled to, regardless of income, if they need more than 60 hours of help per month. People in need of care can choose between care at home or in an institution. The majority remain at home (57 per cent in 2019), with far fewer opting for institutional care (Österle, 2013, p. 165). Public care homes continue to dominate institutional care (52 per cent).

The care allowance stimulates demand (Trukeschitz and Schneider, 2012, p. 194), like in Germany. Given that the care allowance only covers some of the costs, substantial co-payments are required, except for the poorest, who are entitled to social assistance. As the care allowance has not been adjusted for inflation, the co-payments for institutional care are growing. The system thus encourages the hiring of migrant women for 24-hour care in the home. Since the mid-1990s, and especially since 2000, households have engaged carers from Slovakia and Romania, as well as from the Czech Republic and Hungary, to provide 24-hour care in the home, with migrant women taking turns every two or four weeks. Private agencies often act as intermediaries (Aulenbacher et al., 2024). In 2006, there were an estimated 30,000 female informal carers (Österle, 2013, p. 167). One year later, the status of 'personal carer', who can be self-employed or employed, was legalized. While 27,000 female 24-hour carers were registered in 2011, by 2015 the number had already risen to 56,000 (Österle, 2013, 2018) because this is the cheapest option (Österle and Heitzmann, 2020; Trukeschitz and Schneider, 2012). As in Germany, the labor shortage has worsened, and it is expected that 75,700 new job vacancies will be created by 2030 (KPMG AG Wirtschaftsprüfungsgesellschaft, 2021, p. 44).

3.2 Public support for the supply: Slovenia

After it broke from Yugoslavia in the early 1990s, Slovenia's first reform was the centralization of social services, transferring them from the local 'self-managing communities of interest' to the state. At the same time, a 'dual model' was introduced, featuring a 'neo-corporatist' social dialogue and a welfare state (Bohle and Greskovits, 2012; Stanojević, 2015). Since the dual-earner model prevails, family reproduction is supported by an extensive public network of

kindergartens, schools, and care homes (Filipovič Hrast and Rakar, 2020; Kolarič et al., 2009).

In the early 1990s, the trade unions succeeded in temporarily suspending the privatization of social services. At that time, there were 53 public care homes in Slovenia with more than 11,000 beds (Hlebec and Mali, 2013, p. 31). As early as 1992, the Social Security Act permitted private care homes, while in 1999, the Ministry of Labour began to actively promote the private provision of services through concessions. Between 2001 and 2015, this led to a rise in the number of private care homes from five to forty (Hlebec and Rakar, 2017, p. 39). In 2020, private homes had 5,476 beds, whereas public homes had 13,501 beds. Over thirty years, the number of beds has increased by 70 per cent, mainly due to private investment.

Private investments are largely financed by clients, who must bear more than half of the costs of care. Private care homes are considered to be part of the public network as they must obtain a concession and comply with standards and norms. The state also sets prices. However, weak regulations give them considerable freedom in manipulating prices for services that go beyond the standard, allowing them to charge the same costs multiple times (Court of Audit (Računsko sodišče), 2019, p. 103). The monthly cost of institutional care has been higher than the average pension since 2010 (source: SSZS), making the service less affordable.

The growth of the private sector had a wider impact on long-term care. As the state largely stopped investing in elderly care, public care homes had to raise their own funds for investments. Between 2008 and 2021, public institutions accounted for 61 per cent of investments, compared to ten per cent from the state and 29 per cent from the private sector (source: SSZS). The need to generate surpluses has inevitably influenced the behavior of public institutions, causing them to act like profit-oriented companies. The entry of private, profit-oriented actors into residential care has impacted the public sector itself, spreading the effects of commodification throughout the entire field.

Financial surpluses were primarily achieved through reductions in labor standards and care quality, which were borne by users and workers alike. The Court of Audit (Računsko sodišče) (2019, p. 53) found that staff are overworked. In social care, one person looks after an average of 50.6 users, with only 9.5 minutes allocated to each person. In healthcare, one person looks after an average of 11.4 users, with 40 minutes available for each. Long-term care institutions are becoming increasingly dependent on migrant workers as working conditions deteriorate. As of 2019, care homes were reporting a chronic labor shortage. The Ministry of Labour estimates that an additional 10,000 employees will be needed by 2030 (Ministry of the Interior (Ministrstvo za notranje zadeve), 2023, p. 14).

3.3 Minimum social security: Bosnia and Herzegovina

The Dayton Peace Agreement created a fragmented state administration in BiH, leading to 13 different social policies. Not only the political entities of the Federation of BiH, the Republic of Srpska, and the Brčko District, but also the ten cantons of the BiH Federation have their own social security system (Obradović and Hirose, 2022, p. 13). People thus have uneven access to social rights across different entities and cantons.

BiH spends less than 20 per cent of its GDP on social security, which is below the EU average but comparable to Eastern European EU Member States (Eurostat, ESSPROS).[2] Consequently, many older people depend on help from family members as services are unavailable

[2] But even this modest share is a cause for concern for the World Bank and other international institutions. They are calling on BiH to cut its social spending (OSCE Mission to Bosnia and Herzegovina, 2012). Although social spending in the Western Balkans is far below the EU average, Jusić and Obradović report that the EU is requesting 'cost containment' and 'better targeting' in the accession negotiations (Jusić & Obradović, 2019: 43).

or unaffordable, and few women are employed (around 30 per cent). The low employment rate of women is also a consequence of poor institutional support, ranging from meagre support for families to the poor network of kindergartens (fewer than 20 per cent of children are enrolled) (Obradović and Hirose, 2022; UN Women, 2023).

The modest supply of public care homes has been supplemented in recent years by private homes, capitalizing on the fact that many expatriates working abroad need institutional care for their parents. In the expanding private sector, up to 80 per cent of capacity is occupied by parents whose care is paid for by children living abroad (UN Women, 2023, p. 46). This factor has driven the price of care far above the purchasing power of the local population. While the average monthly pension is less than €400, monthly care in public homes costs between €410 and €460; it is 50 per cent more expensive in private homes, where a single room can cost up to €770 (Obradović and Hirose, 2022; UN Women, 2023). While the state covers all or part of the costs for poor people (28 per cent of care recipients), others must bear the full costs themselves (Obradović, 2021, p. 12).

BiH has had a low labor force participation rate and high unemployment, noting that the latter has fallen in recent years mostly due to emigration. Only one in three persons has a job, and just one in four has a formal job with social security (UN Women, 2023, p. 15). Due to the high unemployment rate, BiH concluded bilateral employment agreements with Slovenia, Qatar, and Germany. Economic hardship and political insecurity encouraged 5,000 nurses to emigrate to Germany and 50,000 drivers and construction workers to emigrate to Slovenia in the period 2013–2019 (Efendić, 2021, p. 21). Following the large-scale emigration, BiH experienced labor shortages in industry, hospitality, and healthcare (Obradović, 2021, p. 11).

We examined four development trajectories, including their mutual effects, incentives, responses, and unexpected outcomes. Germany and Austria can afford to support consumption with care allowances while leaving supply to the market. The result is that many care recipients opt for the cheapest home care and thus depend on low-wage migrant labor from Eastern and Southeastern Europe. In contrast, Slovenia supports the provision of long-term care. Having abandoned investment in the public sector, it now encourages private investment through guarantees and favorable pricing rules. The result is that public sector providers have also begun to behave like market players. This has worsened care and working conditions and made the sector increasingly dependent on migrant labor. Finally, BiH provides basic social security and is a country of emigration. The result is the emergence of private homes for parents whose children live abroad and can afford the exorbitant prices for care. This contributes to increasing inequality, which encourages further migration and the circulation of labor between countries.

So far, we have analyzed the development of long-term care systems in four countries, including the increasing intertwining of these systems through cross-border labor migration. In the following section, we will compare public spending on healthcare and social care in these countries.

4 Social economies compared

While comparing social spending between the European center and the (semi-)periphery, studies attempt to determine whether it is falling, stagnating, or rising (Böröcz, 2016; Katona and Melegh, 2020; Mause, 2020; Melegh, 2023). Although there is agreement that social spending in Western and Eastern European countries differs significantly, there is no consensus among researchers as to whether spending is falling, stagnating, or rising, and how

these trends vary among countries in the center, semi-periphery, and periphery.

We tested these questions with our group of countries from Central and South-East Europe, to which we added Croatia and Serbia for further checking. The comparison was made using two indicators: World Bank data on government health expenditure and Eurostat data on social protection expenditure.

We commence by considering healthcare expenditure (Figure 1), which is at a much higher level and growing faster in Germany and Austria than in the semi-peripheral and peripheral countries. In addition, the periods of stagnation and decline are longer. Nevertheless, it cannot be denied that these countries have succeeded in narrowing the *relative gap* since 2000. For example, Slovenian healthcare expenditure in 2000 was 33 per cent of Austria's and had risen to 41 per cent by 2020. In the same period, Croatia's expenditure went up from 19 to 21 per cent, and that of BiH from three to ten per cent.

Yet, while the semi-peripheral and peripheral countries have managed to narrow the relative gap with richer countries, the absolute gap has clearly widened. In 2000, the difference between Austria's and Slovenia's expenditure was US$ 1,114; in 2020, it had grown to US$ 2,511. In the same period, the gap for Croatia widened from US$ 1,367 to US$ 3,369 and from US$ 1,629 to US$ 3,855 for Bosnia and Herzegovina. In short, while the countries of the semi-periphery and the periphery are narrowing the gap with the European center in relative terms, the absolute gap between them is growing. In Figure 1, the red arrows at the beginning and end of the data series display a kind of snowball effect.

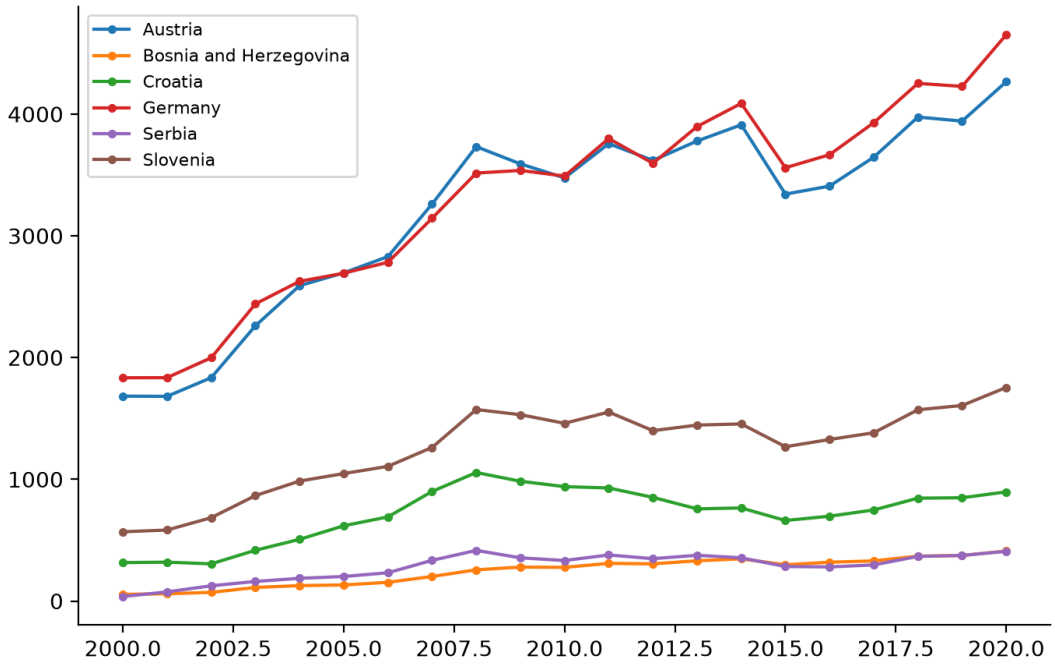

Figure 1 Domestic general government health expenditure per capita (current US$) (World Bank)

Source: World Bank, World Development Indicators, SH.XPD.GHED.PC.CD indicator.

Similar results are obtained when comparing Eurostat's social protection expenditure (Figure 2). Here too, expenditure is growing fastest in Austria and Germany, while the periods of stagnation are longer in the semi-periphery and the periphery. Moreover, the latter countries have reduced the relative gap between 2000 and 2021: compared to Austria, Slovenia

has managed to reduce the expenditure gap from 35 to 42 per cent, but at the same time, the absolute gap increased from €4,827 to €8,709. The same applies to Croatia, Serbia, and BiH, for which only shorter data series are available. In 2021, Croatian expenditure was only 22 per cent of Austrian expenditure, which corresponds to a difference of €11,651. Serbian expenditure was 11 per cent, and the difference was €13,362. The two arrows again show a snowball effect.

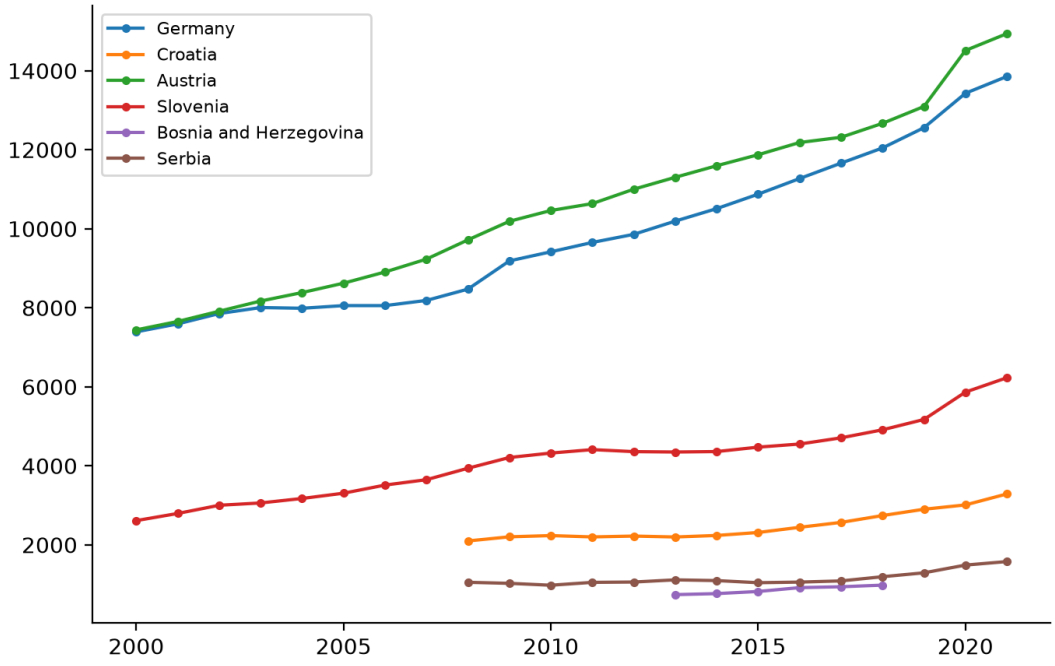

Figure 2 Total Expenditure on Social Protection per Capita (EUR) (Eurostat)

Source: Eurostat, ESSPROS, Total expenditure on social protection per head of population.

Note that when comparing social spending in constant prices, adjusted for inflation, the differences are smaller, yet the same trends are observable. There are many possible explanations for the 'snowball effect'. While greater economic growth provides an additional source of social spending and helps semi-peripheral and peripheral countries narrow the relative gap (Katona and Melegh, 2020, p. 13), these countries are reducing tax revenue and other contributions in order to compete with low-cost countries for foreign direct investment (Melegh, 2023, p. 183). This, coupled with the fact that these countries are net exporters of financial capital, profits, and property income extracted by foreign owners, contributes to the steady increase in the absolute differences between countries (Novokmet, 2017). These and other factors produce the results shown in Figures 1 and 2. They show that the proportions of social and healthcare spending vary across countries. Moreover, when combined, they reveal paradoxical temporal movements. While (semi-)peripheral countries are narrowing relative differences with more developed countries, they are falling further behind as absolute differences increase.

Having shown the uneven and combined development of long-term care in the selected countries, we return to our first research question in the concluding section: Have changes in national care systems triggered cross-border labor mobility?

5 Conclusion

Bringing the presented analyses together, we may conclude that the private sector plays a crucial role in the region's 'uneven and combined development of social care'. This adds weight to the conclusions of the scholars mentioned in the introduction (Daly and Lewis, 2000; Saraceno and Keck, 2011; Simonazzi, 2009), as well as the Eurofound study (2017), which states that the private, for-profit sector has experienced the greatest increase in the number of beds over the past decade. This is also an expected outcome of EU policy, which aims for cost-effectiveness and a reduction in public spending, ultimately strengthening the private sector. We thus ask what the expansion of the private for-profit sector means for care workers and care needs.

Germany and Austria have introduced a universal care allowance that requires considerable co-financing of care services by families. On the other hand, both countries (notably Germany) have largely outsourced the provision of services to the profit-driven welfare market. The result is that workers are being squeezed by both households and care homes. Workers are responding by fleeing institutional care, which is increasingly reliant on migrant labor. Still, the cash-for-care system has given rise to another segment of the private sector – around-the-clock co-resident migrant minders. If households cannot afford to buy services on the market, they must provide care for their elderly by themselves or hire carers in informal labor markets. This has led to a considerable expansion of the one-to-one personal care sector, which is the most inefficient way of organizing care, as it substantially increases the aggregate social cost of care and the demand for workers.

In BiH, private homes have capitalized on the market opportunity that children living abroad are willing to pay a lot to support parents who can no longer care for themselves. Demand from clients with high purchasing power is driving up the price of institutional care, making it less affordable for people working and living in BiH. This is further exacerbating disparities in access to care in the region. For instance, while users of institutional care pay 50 per cent of the cost of care in Germany and 60 per cent in Slovenia, most people in BiH must pay the full price. Weakening social security contributes to emigration, alongside poor working conditions, such as insecurity and fear of unemployment, 'wage theft' by employers who fail to pay overtime and/or social contributions, 'envelope wage' practices, a large informal sector, and the prevalence of fixed-term contracts among young employees. It is worth highlighting the following example, which illustrates the poverty trap in which the country is trapped. While many BiH citizens work abroad temporarily, they are still classified as unemployed in BiH. This classification grants them access to social security and healthcare, which the country provides to the most vulnerable temporary workers. The paradox is that BiH ends up subsidizing the demand for temporary migrant labor in wealthier countries. This example helps illustrate the snowball effects shown in Figures 1 and 2.

In this paper, we have shown that the demand for workers is not only propelled by the increasing need for care but also by institutional changes. The private sector, the driving force in the development of elderly care, has generated an inefficient and *wasteful social economy*. There are two central arguments for this. First, there has been a major increase in live-in home care, accounting for 64 per cent of demand in Germany and 57 per cent in Austria, which has created stronger demand for care workers. With a shortage of labor, providing one-to-one personal care is not an efficient way of organizing social services and entails a significant waste of labor. Second, the profit-driven nature of institutional care puts pressure on labor costs and worsens working conditions. This has led to the creation of low-end jobs that local workers tend to avoid, making the industry reliant on migrant workers. This

system cannot survive unless it is embedded into the uneven and combined development of social care, with labor continually sourced from the (semi-)periphery. Wasteful social economies must therefore have a counterpart in countries such as Bosnia and Herzegovina, where deteriorating working and living conditions lead to emigration.

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