

How Europe's Former Communist States Have Added More Variety without Extending the Range of Variation in the Continent's Education-to-Work Transitions

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Abstract

Europe's family of diverse education-to-work transition regimes has been able to enlarge eastwards without adding to the range of variation. Former communist states have been able to restart their pre-communist educational histories without difficulty. This is largely on account of the pivotal position of academic secondary schools throughout the continent. This position was established prior to, and continued under communism. The schools were able to preserve their country-specific titles and qualifications, and also ages of entry for pupils which always depended on a test of academic ability. The schools had already become and remained their countries' principal routes towards careers in the professions and management, and also in the public services and administration that were enlarged everywhere as countries industrialised and modernised, and as access to academic schools was opened to all the talents, not just children whose families were able to pay. Since the collapse of communism, the proportions of children receiving an academic secondary education then enrolling in their countries' universities, have expanded across the continent, east and west, north and south. The extent of this expansion has depended on the career prospects associated with alternative routes forward in secondary education and training. These alternatives are sometimes, but always misleadingly, all called "vocational". However, their attractions and repulsions always depend on the severity of any "siding", and the strength of the "safety-nets" that the alternatives offer. In these respects, the new EU member states exhibit the same range of variation as found among older EU members, but with one importance difference. All types of employment within their own countries towards which youth in the new member states can head are much lower-paid, and the gap is not closing.

Keywords

Education, Employment, European Union, Transition Regimes, Youth

1. Introduction: The Problem

This paper asks how transitions from education-to-work in those former communist countries which are now European Union (EU) members, have changed since 1989, and how they have affected the continent's ecology of transition regimes. Specifically, the following passages ask whether the experience of communism, or its rapid and unplanned collapse in 1989-1990, have left legacies that continue to make the countries different 30-plus years on. Alternatively, could they have merged into a now dominant pan-European type of transition regime, or developed a completely new type. The answer is "none of the above". The ex-communist EU member states now exhibit the same range of variation as found among older member countries adding numerically to the varieties without expanding the range of variation.

2. Methods

These issues are addressed using the transition regime concept. A regime is a system of inter-connected parts that assign value and meaning to each other (see [Raffe, 2014](#); [Roberts, 2020](#); [Walter, 2006](#)). The "parts" are types and levels of education, training, and subsequent employment. Journeys through a transition regime begin at whatever age common schooling ends and young people are split into different tracks. These are the beginnings of career routes or pathways and the formation of career groups. Every step owes its significance to the typical family and educational backgrounds, specifically levels of attainment, of the young people who enter a pathway, and their typical destinations on exit. The significance of each series of steps depends on differences from the backgrounds and destinations of groups following adjacent, parallel pathways.

In market societies the links between steps and boundaries between pathways are "negotiated" in local education, training and employment markets. They are not fixed by central planners. This is why the end of communism and its replacement with capitalist market economies was bound to change countries' education-to-work transition regimes. Links between steps and boundaries between pathways are fluid, subject to negotiation and change, or become consolidated and maintained, by market processes.

Whether transition regimes cluster into a limited number of types remains a controversial issue. The only types that "work" in allowing all regimes to be plotted, are according to, at one extreme, how thoroughly they are occupationalised and coordinated or regulated, ideal-typically preparing young people for employment in specific trades, firms, or industries. The current regimes most closely resembling this ideal type are in West-Central and Northern Europe.

Communism, where resemblance to the ideal type was even closer, is now history. At the other extreme is a liberal Anglo-American ideal type in which young people exit education arranged in a single procession according to their attainments, and employers take their pick, their scope for choice depending on the attractions of the jobs offered as assessed by potential recruits (Gangl, 2001; Szydlik, 2002). Under this latter regime education does not produce ready-for-work employees so much as employability, and employers take responsibility for job-focused post-entry training and further education. This typology of transition regimes corresponds with the limited “varieties of (Western) capitalism” that have been identified (see Hall and Soskice, 2001). This is the background to the claim that the new market economies have become a new type of “dependent market economy” (Nolke and Vliegthart, 2009). If so, these countries’ education-to-work transition regimes could exhibit distinctive features.

Countries are normally treated as the units in which transition regimes are formed. Countries matter because governments set education and employment laws, provide much of the funding for education, and sometimes training also. Standard national features enable workers to seek employment and businesses to seek recruits within national borders with minimal difficulty. However, there is always scope for negotiations within local education and employment markets, which permits variations within countries in how a transition regime functions (see Scandurra et al., 2021).

Transition regime “theory” is used in the following passages to chart changes in former communist states since 1989 in young people’s pathways through education towards employment, and whether the outcome has been a new additional type of transition regime, or merger into one or more existing Western types. In addressing these questions, the relatively rich evidence from studies conducted in specific places, at specific historical moments in time over the last 30 years, is complemented by the most recent relatively “thin” evidence in official statistics which signal variations and similarities within and between post-2004 and older EU member states.

3. Legacies

The EU’s post-communist member states have carried legacies into the twenty-first century. However, except in so far as communist education was similar to the occupationalised, more loosely regulated or coordinated practices in Germany and its geographically and culturally proximate countries, the important legacies have not been from communism or its break-up, but from the countries’ national histories that preceded communism.

Communism was unlikely to leave an enduring legacy throughout East-Central Europe. The system did not last long enough, less than 50 years, for everyone alive to have grown up experiencing the system as normal. Stalin’s version of socialism may have been compatible with Russian history and culture, but it could not nest comfortably on the European countries where it was imposed after the Second World War. During the 1990s speculation swirled around Europe

about a post-communist mind and other psycho-social legacies (Melich, 1997). These speculations were always fantasies. The sudden end of communism is a more plausible source of legacies, not from the experiences of the youth of the early-1990s but from institutional damage.

In retrospect it seems surprising that so many local and international experts were surprised by the sudden collapse of communism throughout East-Central Europe in 1989. Most experts had treated communism as an alternative way of developing and running a modern industrial society. The socialist alternative appeared sturdy, able to repress challenges, and was expected to endure into the twenty-first century (for example, on Poland see Kolankiewicz and Lewis, 1988). In Poland Solidarity's most optimistic hope was that following the elections on June 4th 1989, they would share power with the communist parties. In the event Solidarity won all but one of the seats that were up for election. Soviet tanks did not roll into Warsaw. Poland's communists were devastated and just faded away until some resurfaced in the Autumn as social democrats. Poland ignited a fuse. By Autumn 1989 the people were mobilising in the German Democratic Republic (GDR), Czechoslovakia, Hungary, and Romania. By mid-1990 all these countries plus Bulgaria had post-communist governments. Change was more protracted in Yugoslavia where the nations that had been bound into this new state after the First World War fought for independence in Balkan wars which ended (up to now) in 2000 when Kosovo separated from Serbia. In 2006 Montenegro separated peacefully from Serbia and consigned Yugoslavia to history.

The sudden unanticipated end of communism meant that new national governments took office without plans to implement. The European Union had no planned response. All the countries faced an economic crisis when they withdrew from the central planning that had linked supplies and outputs from plants within and between the socialist countries. Plants lost various combinations of supplies and customers. The territories of the former GDR lost a third of their jobs within two years of unification in 1990, then replaced all the jobs during the next two years (Zapf et al., 2001). All the other transforming countries experienced greater or lesser job losses, but everywhere recovery was slower than in Germany.

School and college leavers' transitions into working life were inevitably disrupted by these economic changes. The official system that had placed school-leavers into employment seized up, but in itself this was not a problem because most transitions had been arranged informally, then ratified and formalised by state officials (Reiter, 2006). School-leavers' problem was that some of the giant plants that had trained the upper secondary age group closed. Others remained open but could no longer recruit, and if they did continue to train young people, they could not guarantee subsequent employment. In most communist states and Soviet Republics no more than 15 percent of young people attended academic secondary schools then progressed into universities. The remainder attended various types of vocational upper secondary schools. The vocational secondary schools which had been linked with distressed plants began to lose their

students. In Romania this loss was catastrophic for vocational schools. They had educated 285,000 young people in 1990 but only 12,000 remained in 2011. By then recruitment had been suspended for two years (Ministry of Education, Romania and CNDIPT, 2016). Youth unemployment became a new problem across the whole of East-Central Europe (Roberts et al., 1997), but most young people remained optimistic. They expected new exciting futures to open. For some young people “business” became a new exciting glamour career, and a possible path to wealth and status. In practice business usually meant some form of trading and was survival self-employment, a poor alternative to a proper job (Roberts and Jung, 1995).

There was a brief socio-political crisis in the early-1990s. State officials who had been appointed under communism were de-legitimised (Roberts and Jung, 1995). There was a “wild east” period of capitalism without rules. Enterprising workers liberated equipment and products from state plants. Abandoned children were sleeping on the streets in cities such as Moscow and Bucharest (Save the Children Romania, 1998; Stephenson, 2001) Governments in East-Central and South-East Europe decided that their countries’ futures meant looking west, and then struggled to devise strategies for creating capitalism in countries without capitalists (Eyal et al., 1998). Capitalist futures were not inevitable in 1989. The revolutions from below were not anti-socialist so much as nationalist. However, the wild east period ended when countries were offered road maps towards EU membership, an offer which everywhere looked too good to refuse. The new market economies became governed by rules that were compatible with EU membership. Solutions were devised to creating capitalist market economies in countries where in 1989 no-one could have possessed legally acquired capital to invest.

It was in Russia and other ex-Soviet republics that the “wild east” period extended throughout the 1990s. These countries were the source of reports of “zombie schools” training young people for jobs that no longer existed (Walker, 2007), graduates being asked for money or sex in order for their job applications to be progressed (Round et al., 2008), and a debate arose about whether Russia was becoming a mafia state (Roberts et al., 1998; Varese, 2001). Eventually in most of the ex-Soviet new independent states, “revolutions from above” in 1991 installed new “parties of power” in governments which transformed state ownership into versions of oligarchic capitalism.

Outside the Soviet Union, communism was never accepted, and the period of breakdown after its collapse was too brief to leave enduring traces on East-Central Europe’s transition regimes except in so far as vocational schools needed to develop new roles (see below).

A powerful stabiliser has been the academic secondary schools, Europe’s oldest schools, which were established across the continent from the Atlantic to European Russia prior to the Bolsheviks taking control in 1917. These are Europe’s oldest schools, preceded historically only by the universities for which the schools prepared their students. These became early “career routes”, preparing

young males for religious vocations and also, over time, for careers in diplomacy and government. These “academic” schools had various titles: simply school or high school, college, lycée, grammar school or gymnasium. The qualifications that the schools awarded, the passports to university, also had different titles: most often national versions of diploma, baccalaureate, abitur and matura. Ages of entry and curricula varied from country to country, from school to school and from university to university. Historically, formal education in Europe started at the top. Much later there was growth from the bottom in elementary schools where, as countries urbanised and industrialised, education was offered to all children, eventually free and compulsory. Later still, elementary and academic schools became connected with progression depending on a test of ability. Elementary education thereby became “primary” and academic schools became “secondary”. This was the start of the “ladders” through education up which children from humble backgrounds could rise to top occupations. Thus, the idea of meritocracy was born. When alternative types of secondary and higher education were created, the value of their teaching and qualifications were always set according to their similarities and differences from the original academic secondary schools and universities (see [Vogt, 2018](#)).

These forms of education preceded, and outside the Soviet Union continued with schools’ national titles and qualifications while the countries were part of the Soviet bloc. They were still there when communism ended and assisted the countries in resuming pre-communist national histories as part of a European mainstream. The distinctive features of each country’s original secondary schools and universities rippled throughout as new institutions were created. Each country’s education-to-work transition regime has thereby remained distinctive. Career routes remain distinctive in different non-occupationalised, liberal Anglo-American countries. In England middle class parents’ pre-occupation is enrolling their children in “good” secondary schools. In the USA their pre-occupation is securing entry to a “good” college ([Devine, 2004](#)).

As explained above, under communism most pupils who did not enter academic secondary schools completed their education at schools connected with, and sometimes inside the giant industrial plants that were constructed. This was communism’s equivalent to Germany’s dual system. Links between all types of schools and pupil’s backgrounds, and their destination on exit, and the proportions attending different types of schools and progressing into tertiary education, have changed since 1989. However, as we shall see later, most of these changes have been common throughout West and East Europe. Before this, we must consider a final alleged source of persistent differences between ex-communist countries and the rest of Europe.

4. Dependent Market Economies

This is the new market economies’ alleged transformations into an additional variety of capitalism, namely dependent capitalist market economies. Depen-

dence is said to be an outcome from a solution to “How to create capitalism in countries without capitalists?” One answer has been to sell state assets to foreigners, to attract direct foreign investment in new ventures, and to allow multi-nationals to establish outposts in dependent host countries. An attraction tempting capital into the new market economies is their low labour costs (see [Nolke and Vliegenthart, 2009](#)). A drawback in this solution to “creating capitalism” is that inward investors will remain only while labour costs remain low. Also, it is argued that the jobs that are imported will be mainly low skilled, and that senior, higher paid jobs, and research and development, will be retained in the multi-nationals’ home countries ([Ban, 2019](#); [Tarlea and Freyberg-Inan, 2018](#)). A further drawback is that returns on assets will flow back to the companies’ base countries. The amounts of money involved are substantial. Profits slice much more than a tiny share from GDP. Asset holders take 50 percent, sometimes more, sometimes less. These slices can then be taxed by governments and support public services in the investors’ home countries and boost the salaries of senior executives and professional staff.

Up to now studies of multi-nationals in the new market economies have focused on vehicle assembly plants where the companies’ attempts to impose “lean production” on cheap workforces have led to resentment and resistance (see [Mihaly, 2021](#)). However, the new market economies are emerging in a post-industrial era in which most employment is in service sectors, Inward investors include retail and investment banks, international accountancy firms, and IT giants such as Facebook, Google and Amazon. These businesses offer new glamour careers to which local university graduates can aspire.

There is merit in and evidence to support the dependent economy addition to existing varieties of capitalism (see [Hall and Soskice, 2001](#)). However, no country has become anything like 100 percent dependent. Nor is any country 100 percent independent. In any case, there are additional answers to, “How to create capitalism?” Ex-Soviet countries’ old or post-independence political elites have disposed of state assets in “honest robbery” privatisations that created so-called oligarchs, and some of the new market economies of East-Central Europe have their own mini-oligarchs (see [Culic, 2006](#); [Stoica, 2004](#)). Some countries, most notably Czechoslovakia, experimented with voucher privatisations. Holders found that their vouchers were worthless until they were snapped up by an entrepreneur who established a controlling interest, restructured a business, dispensed with staff, and made the company profitable. Managers who kept their companies alive during “the breakdown” were able to obtain bank loans for management buyouts. These members of their countries’ new business classes then had security to obtain further bank loans to invest in other companies. Some countries including Lithuania and Poland passed restitution laws enabling pre-communist owners and their descendants to reclaim buildings and some surviving businesses including hotels that had been socialised after 1945. In all countries tenant occupiers were able to purchase their dwellings at discounted prices. Sometimes a household would also inherit the dwelling of a deceased

parent which could be sold to raise capital to start a modest business.

All that said, proportions of the economies that are foreign owned tend to be higher the new market economies than in pre-2004 Northern and West-Central EU member states, but with considerable overlap. **Table 1** places Northern and West-Central EU member states at the top of the left-side columns. Southern member states follow beneath. The right-side columns are headed by post-2004 EU member states, who are followed beneath by Balkan countries that have not yet become EU members. The shares of the countries' economies that are foreign owned range from 23 percent to 51 percent in the new market economies, and in the older Northern and West-Central member states the range is from 16 percent to 45 percent. In the Southern member states the range is smaller and

Table 1. Labour's shares of GDP and shares of economies that are foreign owned.

	Labour's shares of GDP, 2019 (%)	Shares of foreign controlled enterprises in non-financial business economy, 2016 (%)		Labour's shares of GDP, 2019 (%)	Shares of foreign controlled enterprises in non-financial business economy, 2016 (%)
Austria	60	28	Bulgaria	52	33
Belgium	65	26	Croatia	58	23
Denmark	56	22	Czechia	58	43
Finland	55	23	Estonia	58	39
France	59	16	Hungary	49	51
Germany	63	25	Latvia	57	33
Luxembourg	56	45	Lithuania	53	28
Ireland	35	43	Poland	49	37
Netherlands	62	29	Romania	44	44
Norway	53		Slovenia	58	27
Sweden	55	27	Slovakia	53	48
Switzerland	69				
UK	57	28	Bosnia-Herzegovina	44	
			Montenegro	46	
Cyprus	50	13	North Macedonia	44	
Greece	54	16	Serbia	49	
Italy	62	16			
Malta	51	23			
Portugal	55	24			
Spain	57	22			

Sources: <https://ourworldindata.org/grapher/labor-share-of-gdp?tab=table>.

<https://kafkadesk.org/2019/04/28/central-european-countries-still-highly-dependent-on-foreign-companies>.

lower, from 13 percent to 24 percent. The South is more compact: there are substantial differences within the Northern and West-Central, and the post-2004 former communist groups.

As regards labour's shares of GDP, within the Northern and West-Central group this varies from 35 percent in Ireland to 65 percent in Belgium, but as we shall see below, average salaries in these two countries are very similar. In the more advanced post-industrial economies inward investment can be balanced by outward investment. Among the post-2004 member states labour's share varies from 44 percent in Romania to 58 percent in Croatia, Czechia, Estonia, and Slovenia, but again (see below), there are no corresponding differences in the post-communist countries' average salaries. The evidence is not sufficiently clear-cut to suppose that there will be implications that create distinctive education-to-work transitions.

5. Pan-European Trends in Career Pathways since 1989

Since 1989 there have been some common trends, irrespective of the transition regimes in young people's journeys towards employment in all European countries. Some of these trends began before 1989 and others later, in both cases in some though never all countries.

First, there have been increases in the proportions journeying along an "academic route" in secondary education which then opens the doors to higher education, where student enrolments have also risen, albeit to different extents in different countries (see [Table 2](#)). The main driver of this trend has been parents, few of whom are content for their children to fail to better the older generation's attainments (see, for example, [Evans et al., 2000](#)). Governments have acquiesced. Denying parents and young people opportunities which they feel they have earned can be electoral suicide. Also, many governments appear to have been convinced that "investing in human capital" will pay off for the individuals who benefit directly and for their countries ([Reich, 1997](#)). As higher education has "massified", institutions have been stratified in markets where they compete for students who can be turned into graduates who appeal to the employers who are offering the top graduate jobs.

Table 2. Percentages of populations aged 25 - 34 with tertiary educational attainment (ISCED 5 - 8), 2021.

60% and over	Luxembourg, Ireland
50% - 59%	Cyprus, Lithuania, Netherlands, Belgium, France, Norway, Switzerland
40% - 49%	Sweden, Denmark, Spain, Slovenia, Portugal, Latvia, Greece, Estonia, Malta, Austria, Poland, Finland, Iceland
30% - 39%	Slovakia, Germany, Croatia, Czechia, Bulgaria, Hungary
20% - 29%	Italy, Romania

Eurostat, 2022.

There are large differences between countries in the proportions of their young adult workforces who have higher education qualifications (see **Table 2**). The proportions are always smaller than the proportions who currently enrol in higher education, partly because it takes over a decade for an increase in enrolments by 18 - 19 years old to boost the proportion of 25 - 34 years old who are graduates, and also because there is always substantial drop-out from universities. In Romania participation rose from 10 percent in 1990 to 50 percent by 2010 (Tarlea and Freyberg-Inan, 2018) yet in 2021 less than 30 percent of the country's 25 - 34 years old were higher education graduates. Country differences will be due to the relative attractions of non-academic routes as perceived by young people and their parents (Powell and Solga, 2011), and also on the generosity of financial support that is available for students (Antonucci, 2016). We can note that the two top groups in terms of proportions of higher education graduates among 25 - 34 years old are dominated by countries from North and West-Central Europe, whereas the two bottom groups are dominated by ex-communist countries. However, the latter are accompanied by Germany, while Lithuania is within the top two bands of countries.

The expansion and appeal of the academic route has created problems for other schools and colleges in the upper secondary sector. In the 1990s and early-2000s research was showing that, just as in the West (Shavit and Muller, 2000), vocational options in former communist countries acted as side tracks away from the upper levels of employment, but were also safety nets, meaning in practice that they reduced young people's risks of subsequent unemployment (Kogan et al., 2011; Lange et al., 2014; Shavit and Muller, 1998). However, the research also found that employers were withdrawing from or reducing their support for vocational schools (Nolke and Horn, 2014): they were less willing than in the past to offer on-site training, and equipment and cash for their linked schools. In market economies firms wanted to minimise spending on training young people who might leave and take their skills elsewhere (Evans et al., 2000). As employers reduced their involvement, vocational tracks were remaining side tracks while becoming less protective (Saar and Martma, 2021).

A common response by vocational schools has been to develop options that qualify leavers for higher education, sometimes assisted by the introduction of new vocational qualifications (see Protsch and Solga, 2016). Some schools have remained strongly attached to firms who have looked to "their" schools as the main source of recruits (Klatt et al., 2015; Roberts and Szumlicz, 1995). Other schools soon became residual, catering for those who had nowhere else to go (Pantea, 2019, 2020; Solga, 2002). Unfortunately, these differences between types of "vocational" education are impossible to capture in internationally harmonised statistics. All education apart the strictly and traditionally academic is bundled into a single vocational category in **Table 3**. The proportions of young people following academic and other career routes at 16 - 18 vary greatly between European countries. The point to note here is that former communist countries are found in all the bands except the very bottom, under 20 percent,

which contains only Cyprus.

Another consequence of the expansion of the academic route through upper secondary and higher education is that graduation from the latter has ceased to guarantee a job considered commensurate with the qualification. Whether their universities are producing too many graduates has become a matter for debate in all countries including Czechia which is in the next to bottom group in **Table 2** (Pabian et al., 2011). The situation where university graduates have become the group at highest risk of unemployment while they wait for suitable job offers, already well established in Southern Europe (Albert et al., 2021; Bernardi, 2003; Cairns et al., 2014), has now been noted in Russia (Zudina, 2022) but not (yet) in any post-2004 EU member states where graduates are more likely to respond by moving “down” the labour market or enrolling for courses that will make them even better qualified. A university degree can become the minimum requirement for any decent job (Minina and Pavlenko, 2022) without guaranteeing such an outcome.

An overall outcome is that whether they follow an academic or any other route, and at whichever age and level they exit for the labour market, many young Europeans face “a long winding road” (Kovacheva and Hristozova, 2022), changing jobs many times before finding one in which they wish and are able to settle. All types and levels of education have become less reliable in terms of the kinds of employment to which they lead. New premium skills, especially foreign (Western) languages and IT, have become basic requirements in many business sectors.

Rates of youth unemployment have declined substantially as Europe’s economies recovered from the recession that followed the financial crisis of 2008-2009. However, there are huge differences between countries. The range in January 2022 was from six percent in Germany to 31 percent in Greece. Four of the five countries with the highest youth unemployment rates are in the Southern group. The exception is Sweden with a youth unemployment rate of 23 percent. Three out of the five countries with the lowest rates are from the Northern and West-Central group, but Malta from the South and Czechia, one of the new EU member states, also feature. For our purposes, the main point to note in **Table 4**

Table 3. Percentages of upper secondary students (ISCED 2011 level 3) enrolled in vocational programmes in 2018.

70% and over	Finland, Czechia, Slovenia
60% - 69%	Austria, Slovakia, Netherlands, Luxembourg
50% - 59%	Belgium, Romania, Italy, Bulgaria, Poland
40% - 49%	Norway, Germany, Estonia
30% - 39%	Portugal, France, Latvia, Hungary, Denmark, Spain, Ireland, Sweden
20% - 29%	Malta, Iceland, Lithuania
Under 20%	Cyprus

CEDEFOP, 2021.

Table 4. Youth (16 - 24 year olds) unemployment rates in percentages, seasonally adjusted, January 2022.

Greece	31	Luxembourg	13
Spain	29	Ireland	13
Italy	25	Hungary	12
Sweden	23	Lithuania	12
Portugal	23	Latvia	11
Romania	21	Poland	11
Slovakia	21	Denmark	10
Estonia	18	Slovenia	10
Croatia	17	Austria	9
Cyprus	17	Malta	9
Belgium	16	Netherlands	8
Finland	16	Czechia	7
Bulgaria	15	Germany	6
France	15		

Eurostat, 2022, European Labour force survey.

is that the former communist countries are scattered evenly from top to bottom. Five are above and six are beneath the mid-point country which is France.

6. Pay

The clearest difference between older, more specifically the Northern and West-Central EU member states, and post-communist (along with Southern) members, is the levels of pay in the jobs towards which young people can head. Destinations matter. They assign meaning to all preceding steps in transition regimes. The lowest average gross monthly salaries in the high pay Northern and West-Central group are in France (€3310), and the highest paid workforce is in Denmark (€6173) if we exclude Switzerland (€7000) which, along with Norway (€5095), is part of the European Economic Area though not in the EU. In the Southern countries the lowest paid is Greece (€1353) and the highest is Italy (€2479). Among the post-communist members Bulgaria (€883) is the lowest paid and Slovakia has the highest average pay (€2002). If we treat Bulgaria as an exceptional outlier, the ranges in the post-communist and Southern groups are almost identical. In neither is there any overlap with the Northern and West-Central group of countries (see Table 5). The pay laggards are the Balkan states that are still outside the EU. Their range is from €763 in North Macedonia to €890 in Montenegro.

Apparent differences narrow if actual pay is moderated for Purchasing Power Parity (PPP). This means calculating what a typical bundle of purchases in

Table 5. Average gross monthly salaries in Europe, 2020/21/22.

	Gross monthly average pay (€)	Gross monthly average pay (€ PPP)		Gross monthly average pay (€)	Gross monthly average pay (€ PPP)
Austria	4454	3996	Bulgaria	885	1670
Belgium	3758	3166	Croatia	1393	2410
Denmark	6173	4361	Czechia	1626	2513
Finland	3653	2955	Estonia	1735	2463
France	3310	3305	Hungary	1284	2238
Germany	4168	3905	Latvia	1383	2000
Luxembourg	5143	4259	Lithuania	1781	2405
Ireland	3819	4043	Poland	1389	2643
Netherlands	3823	3744	Romania	1309	2232
Norway	5095	3227	Slovenia	1291	1886
Sweden	4009	3626	Slovakia	2002	2337
Switzerland	7000	4928			
UK	3635	3497	Bosnia-Herzegovina	848	1621
			Montenegro	890	2023
Cyprus	1992	2750	North Macedonia	763	1639
Greece	1355	1977	Serbia	856	1741
Italy	2479	2802			
Malta	1706	2459			
Portugal	1679	2156			
Spain	2406	3141			

Source: <https://www.reinischfischer.com/average-monthly-salary-european-union-2022>.

Romania, for example, would cost in France (the middle country among all those in **Table 5**). So, Romanians then have an average salary of €2232, substantially above the €1309 which they actually receive. However, PPP can be deceptive. Internationally traded goods cost the same in every country. This means that goods such as new Japanese motor cars and iPhones are less likely to feature in Romanians' actual purchases. All the statistics must be interpreted cautiously. That said, there can be no doubt that Southern and ex-communist EU members lag in terms of pay. Hence the flows of people from South to North and from East to West. Capital flows from West to East and, to a lesser extent, from North to South where the percentages of the economies that are foreign owned are lower than in the East. These flows continue, but without closing the pay gaps.

Our evidence enables us to rule out human capital deficits as an explanation.

7. Conclusion: 27 Transition Regimes

We have seen that there are no differences between older and recent, formerly communist EU members in their distributions in rates of unemployment and the proportions of 16 - 18 years old on academic and other “vocational” courses whereas, with exceptions, 25 - 34 years old in all but one of the new member states are less likely to be university graduates. However, salaries are the difference which sets all new member states apart alongside Southern countries. All are clearly beneath Northern and West-Central EU members.

Flows of people and capital between countries do not harmonise robust national transition regimes. Firms and workers respect the regimes in whichever countries they have moved into which, in the case of individual workers, will not necessarily respect experience and qualifications gained elsewhere (Bagatelas and Kubicova, 2004; Centre for Economic Performance, 2010). The scale of East to West migration is substantial and is mainly by young adults. Between 2000 and 2015 emigrants amounted to a third of Romania’s economically active population (Ban, 2019). Much of this movement is pendulum migration. Young adults move back and forth, to and fro’. Throughout Eastern Europe there are villages which have been stripped of young adults leaving children to be cared for by grandparents (Save the Children Romania, 2021).

Inter-country pay inequalities seem immune to flows of people and capital. Pay inequalities are perpetuated by richer countries’ reluctance to be “levelled down”, and by the current global financial governance exercised by the World Bank, the International Monetary Fund, the World Trade Organisation, the European Central Bank, the US Federal Reserve, the Bank of England, and other national banks. Their priority is to prevent the value of assets evaporating. Inflation is treated as the main threat, which means that “levelling up” must be resisted.

Individual young people are easily lost from sight during discussions about transition regimes and routes. Young people can make a difference to their countries’ transition regimes, but only if critical masses act together as happened in Britain in the 1980s when 16 - 18 years old quit government supported training schemes and enrolled on vocational courses in further education colleges (see Roberts, 1995). However, in this case young people could make a difference only because other actors, namely educational institutions, were able and willing to accommodate them. Young people will always act individually to try to build the best lives possible for themselves in the world as they find it, including the transition regimes that they face.

Every country’s regime has its own academic pillar, always with country specifics, as a point of reference for all other career routes (see Vogt, 2018). There are similarities between the labour markets in some bunches of adjacent countries. Belgium, France, Luxembourg, the Netherlands, and Switzerland all have

25 - 34 years old workforces in which over a half are higher education graduates, but in adjacent Germany it is under 40 per cent. There are other glaring contrasts despite geographical proximity and free movement of labour. In 2022 the Netherlands had a youth unemployment rate of just eight per cent against 14 percent in neighbouring Belgium.

Hungary and Luxembourg are both in the next to top tier when countries are ranked according to the proportions of the upper secondary age group in “vocational” schools (Table 3). Hungary is in the next to bottom, and Luxembourg is in the very top tier when countries are ranked according to the proportions of their young adult workforces who are higher education graduates (Table 2). Italy and Germany are in one of the two lowest tiers in the proportions with higher education (Table 2), but Italy is in the highest unemployment band while Germany is in the lowest (Table 4).

Diverse combinations of indicators are to be expected when country-specific educational qualifications, all others “placed” with the country’s academic qualifications as a point of reference, interact with the country’s labour markets. Statistical analysis sometimes throws out statistically significant relationships. These are flukes. How each country’s transition regime has developed over time and can be properly investigated and understood only in country-specific case studies. Ex-communist countries have added to the number of European transition regimes without extending the range of variation on any of the indicators considered above: proportions of young adults with higher education, attending upper secondary vocational schools or taking vocational courses, and rates of unemployment. All regimes can be placed according to how closely they resemble fully occupationalised or liberal Anglo-American ideal types, but there are country-specific variations all along this continuum. Over time, the overall movement associated with the expansion of academic routes has been towards the liberal end. Operating an occupationalised regime requires national governments to orchestrate agreements between federations of employers, professional associations, and trade unions. This is possible only in highly corporatist societies, or in command economies as under communism, both of which were successful in building industrial societies.

In a post-industrial, increasingly globalised era, firms pick recruits whose qualifications and other background indicators suggest that they will prove trainable or already possess skills that will be useful immediately (Kohler, 1999). Young people build individual CVs as they move through education, part-time then full-time jobs, perpetually scanning the labour market for opportunities to move on and up. All parties use tacit knowledge accumulated over their own lifetimes within a transition regime, about what is valued by different employers, and how recruits from different educational and family backgrounds will perform, thereby consolidating and sometimes “negotiating” adjustments to a transition regime. The EU now has 27 of these national regimes in operation, but none of the ex-communist countries has stretched the range of variation.

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Conflicts of Interest

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