(Ine)quality of life: Lithuanian labor migration to Sweden during the economic crisis and its aftermath, 2008–2013

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(Ine)quality of life: Lithuanian labor migration to Sweden during the economic crisis and its aftermath, 2008–2013

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ABSTRACT

This article connects micro and macro scales of inequality to Lithuanians’ decisions to depart to Sweden during the economic crisis with austerity measures and its aftermath (2008–2013). This period revealed unequal opportunities regarding the quality of life that were largely created by the gradual re-commodification of labor as well as unaddressed income and social inequalities which had existed since the 1990s. Nevertheless, macro inequalities did not directly lead to the exit decision. Rather, this was bound to the individual’s perception of the leaving opportunity and (possible) quality of life for oneself and one’s family across time and space.

KEYWORDS Labor migration; economic crisis; austerity measures; labor market and social inequalities; intra-EU migration; Lithuania; Sweden

Introduction

Lithuania is one of the fastest aging countries in the European Union (EU) due to extensive negative migration, especially of the young (Sipaviciene 2015). This demographic trend has further implications for the country’s labor market and welfare system (Genelyte 2016). Research on emigration from Lithuania usually points to economic reasons for departure, starting with Lithuania’s independence from the Soviet Union in the 1990s. Indeed, migration trends following unemployment rates have had an inverse pattern to Gross Domestic Product (GDP) (Martinaitis and Ivanauskaite 2012; Sipaviciene and Stankuniene 2011) even before EU accession and continued after the 2008 economic crisis. Thus, Lithuania has been hit especially hard with one of the highest losses of economic growth and employment in the world (Eichhorst et al. 2010).

Migration in the EU context can be seen as an additional ‘tool’ for adjustment to labor market fluctuations in different member states (Janicka and Kaczmarczyk 2016; Kahanec and Guzi 2016). As such, the economic crisis saw new heights of emigration from Lithuania, even though it was not sufficient to significantly reduce the unemployment level (Elsner and Zimmermann 2013). However, those who departed also experienced economic turbulence and many did not return even in cases of unemployment abroad,
instead claiming benefits in the destination country (e.g. Norway, see Bratsberg, Raaum, and Røed 2014). Thus, in the aftermath of economic crisis and austerity measures, such conventional economic indicators, have proved to be inadequate for deciphering mass emigration trends, raising public and academic debates on the main causes of departure and the low return (Jakilaitis 2017; Hazans 2016).

Drawing on interviews with Lithuanians, who migrated to Sweden between 2008 and 2013, this article contributes to a better understanding of the emigration drivers from Lithuania. It presents migrants’ perspectives on departure decisions by embedding and relating them to wider socioeconomic and political transformations including: (1) the transition period after the fall of the Soviet Union (1990–2004); (2) EU accession (2004–2008); and (3) the recent economic crisis, characterized by austerity measures, and its aftermath (2008–2013). Particularly, the article focuses on the last period by presenting various statistical data describing the outcomes of the abovementioned transformations; that is, how these outcomes look in the socioeconomic indicators and how they are perceived by Lithuanians. It also presents the emigration trends from Lithuania.

Analyzing labor migration to Sweden is valuable for few reasons. First, despite geographical proximity to Lithuania and its open labor market without any transitional rules, Sweden did not receive the same amount of people from Newer Member States (NMS) as the United Kingdom (UK) and Ireland. Secondly, the migration to Scandinavia accelerated with the onset of economic crisis. Lastly, although relatively small in real numbers, migration to Sweden presents an important case of various mobilities invisible in the official statistics: short-term intra-company transfers, seasonal work, and other circular mobility.

The article begins with an overview of Lithuanian emigration patterns and drivers from independence to the onset of the economic crisis and its aftermath. Thereafter, it describes the main socioeconomic changes before, during, and after the crisis. Lastly, migrants’ own accounts of the crisis and migration experiences are presented, based on a selection of qualitative interviews with Lithuanian migrants in Sweden who departed between 2008 and 2013.

**Lithuanian emigration patterns and drivers**

It is common to denote three waves of emigration from Lithuania since independence from the Soviet Union: (1) the transition period from independence to EU accession (1990–2004), (2) from EU accession to economic crisis (2004–2008/9), and (3) from economic crisis to the present (post-2008/9) (see Genelyte 2016 for detailed characterization of all the periods). A recent study by Kaunas University of Technology (Ktu.lt 2017) emphasized the importance of the removal of institutional barriers for migration in 2011 during the third wave as well as indicated a possible fourth wave impacted by Eurozone accession in 2015 (See Figure 1).

The emigration statistics correspond with EU Accession in 2004 and the most recent economic crisis. Even though the highest peak was reached in 2010, it should be noted that this year coincided with health taxation legislation amendments and partly signifies the registration of de facto migration. Emigration rates were further adjusted after the Population Census in 2011, later relying on the self-reports of individuals who depart for one year or longer. The same is applicable for return migration. Having this in mind, the return with some fluctuations was relatively low until 2011.
Even though emigration rates started to return to their ‘usual’ levels, Eurozone accession in 2015 brought about another rise. This was also the year when return migration started going down and was coupled with an immigration curve in 2017; the latter shows a movement mainly from Belarus, Russia, and Ukraine. Despite the existing immigration and return, Lithuania’s net migration has remained negative throughout the years, among the leaders of outmigration in the EU from 2011 to 2015 (Migracija skaicius 2018).

Besides official statistical data on long-term migration, the short-term posting of workers is also registered. This denotes the mobility of people, who are employed in Lithuanian companies in Lithuania, but are conducting part of their job in another member state (EC 1997). Data on posted workers indicate a growing trend since this channel opened in 2004. In 2016, the number reached over 30,000 people in comparison to 50,000 declared emigrants.

The most common destination countries for Lithuanians before EU accession were the United States, Spain, and Germany. However, with EU enlargement, the movement shifted toward the UK and Ireland, while Scandinavia increasingly became a destination with the onset of the economic crisis (Genelyte 2016). According to official statistics, since 2009, Sweden has received over 1000 immigrants per year from Lithuania (Statistics Sweden 2018). Thus, Sweden could be ranked as belonging to a group of countries which are popular among Lithuanians. On the other hand, Sweden is one of the most popular destinations for posted workers, who do not appear in the abovementioned statistics. Available data reveal that in 2012, Lithuanian companies posted 657 people to Sweden. This number increased to 1379 in 2013 (SODRA 2014), 3842 in 2014, 4128 in 2015, 4812 in 2016, and 5861 in 2017. As such, last year saw Sweden having almost five times more short-term than long-term immigrants. Additionally, there are also irregular employees, such as seasonal workers,
who do not appear in any registers (Zelano et al. 2014). It appears that Sweden is a relatively popular destination for long-term and especially short-term migration, therefore making it an interesting case for studying emigration from Lithuania.

**Independence and the transition to a market economy**

The transition from a planned to open market economy in the aftermath of political independence brought extensive transformations – including enterprise bankruptcies, privatization, and reorganization – that left many unemployed, while active labor market policies, such as retraining, were not yet in place (Kornai 2006; Vanhuysse 2006). As the communist system provided full employment, welfare benefits were universal, but flat and generally low, remaining this way for some years after independence (Aidukaite 2009). Despite wide benefit coverage, the new welfare state did not ensure sufficient living standards for those who were excluded from or left the labor market, and, for the first time, Lithuania experienced the insecurities of life under market conditions (Kornai 2006; Kurekova 2011). In order to avoid poverty, many people faced with the transition dislocations resorted to dual survival strategies: engagement in the informal economy and emigration (Likic-Brboric 2011).

Emigration was also a complementary economic strategy to increase income from employment in Lithuania. Another large group of migrants were housewives, contributing to the family economy, while males provided stable, but inadequate income in Lithuania (Sipaviciene and Stankuniene 2011). Thus, employment opportunities and the wage gap between the ‘West’ and regions such as the Baltics encouraged short-term emigration in the hope of quick earnings and quality of life improvements upon return. Meanwhile, for the remaining family in Lithuania, there was the added and welcome bonus flowing from the remittances of those working abroad (Dølvik 2013; Sipaviciene and Stankuniene 2011).

**EU accession and free movement**

After EU accession in 2004, emigration became not only the conspicuous economic strategy but also generated subjective ideational features articulated in the ‘migration culture’ or ‘social mind-set’ (Maslauskaite and Stankuniene 2007; Sipaviciene and Stankuniene 2011; Thaut 2009). Primary economic motives for emigration were also complemented, and sometimes overlaid, by the desire to realize professional ambitions, meet new people, see new places, experience new challenges, and achieve some form of self-realization. At the same time, the market transition and growing opportunities were not distributed equally. Inadequate income, indebtedness, unaffordable housing was faced by many. Furthermore, social injustice, widespread corruption, a lack of social and legal security, poor social guarantees and labor rights, and a lack of labor representation provided further motivations for departure (Barcevicius et al. 2008; Maslauskaite and Stankuniene 2007; Sipaviciene and Stankuniene 2011; Thaut 2009).

Several studies have identified the phenomenon of ‘social serfdom,’ reflecting the ‘lack of rights’ in the labor market and for a growing number of people living in a periphery and belonging to socially disadvantaged groups (Donskis 2006; Sipaviciene and Stankuniene 2011; Woolfson 2007). Hence, an increasing share of the population, suffering the insecurity of life and work, form the ‘precariat’ (Standing 2011). Yet, highly educated young people, who cannot find employment or achieve a salary in accordance with their
educational levels due to supply-demand ‘mismatches,’ also pose another disadvantaged group (Martinaitis and Zvalionyte 2007; Maslauskaite and Stankuniene 2007). According to studies carried out by the Vilnius-based Public Policy and Management Institute, highly skilled individuals are especially concerned about corruption, as well as a lack of transparency in recruitment vacancies and future prospects in Lithuania (Barcevicius et al. 2008). After independence, the number of university graduates grew more rapidly than new vacancy opportunities in ‘knowledge-based’ sectors (Martinaitis and Zvalionyte 2007). This created a ‘brain overflow’ (Polakowski and Szelewa 2016) that consequently led to a ‘brain-drain’ (Labanauskas 2006), or in many cases ‘deskilling’ in the Lithuanian labor market whereby individuals had to take jobs not matching their profession or educational levels and consequently put pressure on lower educated workers’ situations (Martinaitis and Zvalionyte 2007).

The higher education-labor market-emigration nexus was analyzed in the context of the welfare state’s role in emigration/stay. Kurekova (2011, 2) describes two especially vulnerable groups in the Central and Eastern European (CEE) labor market: (1) older workers who became unemployed during the transition and (2) young, highly skilled people, commenting:

States [in CEE] have played a crucial role in affecting migration by creating and widening opportunities for potential and actual migrants through welfare system policies. This explains why CEE countries where social spending figures have been lower, unemployment benefit schemes less extensive, and where labor market mismatches remained unaddressed, experienced greater out-migration.

Financial crisis with austerity and its aftermath

With the onset of the global economic crisis in 2008, social problems within society deepened (Kuokstis 2013; Woolfson 2010). The crisis brought massive bankruptcies that spread throughout the private sector from construction to banking, resulting in the increased ‘informalization’ of employment arrangements, a collapse of the housing bubble, tightened lending conditions, and increased interest rates (Woolfson 2010). Many individuals experienced unemployment, lower earnings, and indebtedness to banks (Sipaviciene and Stankuniene 2011). Klusener et al.’s (2015) study from 2011–2012 indicates that there was a 50–60% higher propensity to emigrate among the unemployed.8 Other relevant emigration characteristics were: age (groups 20–24 and 25–29); gender (females are 18% more likely to emigrate), the intersection of gender and education (highly educated women more likely to emigrate and highly educated men least likely); marital status (married people are least likely to depart and unmarried, divorced, and widowed women most likely); ethnicity (ethnic Russians more likely to depart and ethnic Polish less likely to emigrate than ethnic Lithuanians); residence (people from rural areas less likely to depart); and previous emigration experience. The latter characteristic deserves more attention because individuals who lived abroad for more than one year before the 2011 census were 70–80% more likely to leave again, and those who resided abroad one year before the census (in 2010), were three times more likely to re-emigrate.

Concerning the regional variation in emigration and differences between municipalities, research indicates that socioeconomic indicators on the municipality level are much less important than individual level indicators. Nevertheless, a significant part of the variations remains unexplained. Specifically, the municipality’s unemployment
level, income level, election outcomes, and the population who had previous experience of living abroad had very little or no explanatory power on emigration likelihood (Klusener et al. 2015). Although, research reveals that before the economic crisis, family members and informal social networks had a considerable influence on the emigration decision (Maslauskaite and Stankuniene 2007). Other studies point to the decisive role of social policy and austerity impacts during the economic crisis as reasons (Aidukaite and Genelyte 2012; Lulle 2013), ramifying from the global financial to the national fiscal, and finally to a crisis of welfare (Gough 2011).

During the economic crisis, governmental policies resulted in either temporary social security reductions or permanent reforms of the State Social Insurance Fund Board (SODRA) and higher education. According to Juska and Woolfson (2014), crisis and austerity measures had even stronger impacts on the labor market and inequalities in society, accelerating the dual labor market that stands as a basis for further social inequalities. These authors adopted the theory of dual labor markets proposed by Piore (1979). In a discourse analysis, they present the primary labor market as consisting of transition ‘winners’ who bear a ‘smaller share’ of the economic crisis and austerity measures. This primary sector contains a substantial public sector, financed via EU funds, with secure salaries and enjoying all the social entitlements and privileges of power, as well as of a small private sector, predominantly of ‘oligarchs’ who accumulated wealth during the transition. The secondary market is characterized as the private sector comprised of transition ‘losers’ subject to informalization from above and below (Slavnic 2010; Likic-Brboric, Slavnic, and Woolfson 2013). This sector has insecure employment, poor labor conditions, and weak social rights (Juska and Woolfson 2014). Further, because only part of the salary is officially paid, some is not taxed which affects social security contributions and future earnings-related benefits (e.g. pension entitlements or sick leave), even though the net income might be higher (official statistics indicates otherwise, see Juska and Woolfson 2014). Such insecurity in the informalized secondary sector, growing out of the crisis and its austerity-squeezed formal economy and downward spiraling wages, instigated a wave of ‘austeriat’ emigration (Juska and Woolfson 2014). Here, ‘the term austeriat identifies those at the very bottom of the labor market hierarchy, for whom the crisis has exacted an especially heavy price in terms of employment informalization and reductions in living standards’ (Mesic and Woolfson 2015, 40). Yet, Juska and Woolfson (2014) maintain that employment in the public sector is a ‘preference’ among the young, who tend to choose university studies suited to public administration jobs. However, this sector is difficult to enter due to deeply-rooted ‘patronage’ which implies preferential placement systems in job opportunities (Juska and Woolfson 2014). This resonates with the discourse in the public sphere of a two-fold social inequality. First, ‘nepotism’ prevents young, well-educated, and high skilled individuals from career opportunities if they do not have informal connections with ‘important people.’ Secondly, it points to the unjust privileges of an elite group of politicians, businessmen, and other senior officials who only follow their private interests even when governing the state (Genelyte 2011).

The discourse of disappointment with the state among emigrants is highlighted in scholarly debates (Hazans 2016; Sipaviciene and Stankuniene 2011). This resonates with emigration as a critique to state policies before EU Accession (Kesane 2011) in the Latvian case. For instance, Juska and Woolfson (2012) highlight the implemented austerity measures and the political class’ reaction to riots following harsh budgetary ‘saving’ policies, while Juska and Woolfson (2014) address the lack of dialogue
between politicians and ‘the nation,’ and labor market fragmentation. Further, Juska, Woolfson, and Genelyte (2011) demonstrate that public discourses on disenchantment with the government and politics expressed in the media correspond to a variety of international indicators on corruption levels, transparency, democratic development, and low voter turnout, as well as prevailing low trust in institutions since political independence (Kornai 2006). Park (2015) notes that political apathy is characteristic of all post-communist states. However, the Lithuanian case appears more extreme as overall civic and political participation as well as interpersonal trust are low (Juska, Woolfson, and Genelyte 2011). Emigration in these contexts is seen as the population ‘voting with its feet’ and, to some extent, is a critique of the neoliberal governmental policies that are unable to generate more higher paid jobs with better labor conditions and a comprehensive system of social protection (Greskovits 2015; Kesane 2011; Meardi 2012; Nowak 2011; Sipaviciene and Stankuniene 2011), especially in the context of economic crisis and austerity (Juska and Woolfson 2014).

Recent studies indicate that ‘post-crisis’ emigration from the Baltic states is largely influenced by informal social networks and has become ‘a new normal’ (Hazans 2016). In addition to the workings of the networks and normative changes, this article proposes looking closer at inequalities and their translation into the perceived quality of life as affecting emigration decisions.

**Theoretical–analytical framework**

To explain why Lithuanians left during the economic crisis and its aftermath, this article employs Hirschman’s (1970) framework of exit, voice, and loyalty. This framework depicts the agent’s decision-making that is concurrently subject to certain structural–institutional conditions framing the possible decisions. It describes the interplay between the actions and reactions of the state and individual. Here, the state forms a quality of membership that, once perceived by the individual as declining, sets up mechanisms of voice or exit. Voice is a possibility to ‘complain’ and turn the tide of declining membership, whereas exit denotes emigration as a last resort. While Hirschman (1970) defines this quality decline as a disagreement with certain policies, Moses (2005) characterizes it as the decline in citizenship. Further, Sippola (2013) and Woolfson (2010) describe the decline of various socioeconomic and political conditions in the Baltic states and institutional design that inhibits voice, maintaining that a combination of decline and a lack of voice set exit in motion. On another hand, there are number of accounts pointing to inequality in the distribution of economic ‘progress,’ ‘growth,’ and ‘decline’ not only between the new and old member states but also within CEE countries and in Lithuania (see Kahanec and Zimmermann’s edited volume, 2016; Hazans 2016; Navicke and Lazutka 2017; Nowak and Nowosielski 2011).

The so-called ‘Stiglitz/Sen/Fitoussi Commission’s Report’ maintains that evaluating economic change in any society by relying solely on a GDP (per capita) leads to ‘mismeasuring our lives.’ Hence, it is important to consider the ‘distributional issues – how to capture appropriately the diverse situations confronting different individuals’ (Stiglitz, Sen, and Fitoussi 2010, xxxviii), including income and wealth inequalities. Lazutka, Juska, and Navicke (2018) argue that inequalities rising from the division of income and wealth have contributed to emigration from Lithuania. Other studies point to regional inequalities between urban and rural areas as undermining the
quality of life and driving the motivation to move, deepening the demographic crisis in the periphery (Ubareviciene, van Haam, and Burneika 2016). Thus, it is not only the economic distribution (Navicke and Lazutka 2017) but also re-distribution that should be taken into account.

The theory of welfare states considers not only the role of the state in granting social rights and constituting Marshallian social citizenship but also the way ‘state’s activities are interlocked with the market’s and family’s role in social provision’ (Esping-Andersen 1990, 21). This implies the state’s role in the de-commodification of labor and correcting ‘the structure of inequality’ (Esping-Andersen 1990, 23) that stems from the market. Studies from Lithuania indicate that even after social transfers, income inequality remains high, pointing to the low effect of the welfare state (Navicke 2017).

Nowak and Nowosielski (2011, 10) tie income and social inequalities, noting that a key emigration driver from the new member states and ‘one of the main transformational changes was the lack of sufficient social support and the growth of social inequalities.’ They further (13):

…the mass migration from some of the Central and East European countries is in fact a deferred reaction to the social changes which began 20 years ago, and a sort of adaptation to the nonfunctionality of the labor market and welfare regime which have been rebuilt in the course of post-1989 social transition process.

On the other hand, the mere existence of macro inequalities between and within the states does not necessarily lead to vast emigration (de Haas et al. 2018). Therefore, this study also aims to connect micro and macro scales of inequality by defining the concept as relative, including not only marginalized individuals but also privileged ones. Hence, the economic and wealth inequalities of distribution and redistribution actually result in unequal opportunities among society members. Consequently, it is important to investigate who the ones moving are. According to Nowak (2011), the causes behind mass emigration from CEE countries depend on the ‘chances that the whole system will make “progress” [which] … will in the future result in improved conditions for the individual.’ As such, attention should be drawn to how these inequalities translate into the perceived quality of life for the individuals now and in the future, subsequently leading to emigration decisions.

**Data and methods**

The article triangulates research methods to achieve its outlined aims. It utilizes statistical data from the National Statistical Office and other Lithuanian institutions, as well as international databases such as Eurostat and ISSP. Additionally, it presents an analysis of interview data with Lithuanians in Sweden who (re)emigrated during the period 2008-2013.

The article draws its social constructivist grounded theory (Charmaz 2008) inspired analysis from 23 semi-structured interviews that were selected (out of 42 interviews) based on the abovementioned time of the (re)entrance to Sweden. A broad definition of labor migration encompassed Lithuanians who were at the time working and also had previous work experience in Sweden. Some of the informants were on parental leave or currently unemployed, registered with the Labor Exchange. The official statistical data on migration was used to determine the most common socio-demographic characteristics of migrants. This profile guided a snowball sample that utilized a variety of
recruitment channels in order to include diverse circles of migrants, e.g. through personal connections, the official Lithuanian Community in Sweden, and social media (Facebook) groups. The sample consists of 14 women and 9 men aged 21–54, interviewed in different parts of Sweden during January–March, 2014. All the names have been changed and other personal information is anonymized to the utmost.

**Socioeconomic indicators and social climate in Lithuania: economic crisis and austerity**

After EU accession, the spectacular growth of neoliberal capitalist economies in the Baltics earned them the title of ‘Baltic Tigers’ (Woolfson 2010). Lithuania was one of the EU’s leaders in terms of GDP, with 7–8% annual GDP growth on average since accession until 2006, and for 2007, this was even higher – 11.1%. With the advent of 2008 and the beginning of the global economic crisis, growth rates slowed down to less than 3%, plunging by 14.8% in 2009 (Figure 2).

As Figure 2 indicates, the crisis’ onset had an immediate impact on the labor market in terms of unemployment. Unemployment is one of the strongest indicators of poverty, social exclusion (Geddes 2000), and emigration (Klusener et al. 2015). In 2011, long-term unemployment was still growing, even though GDP signaled an initial economic recovery. With the onset of economic crisis, the real growth of wages slowed down to 10% and then dropped sharply by 7.2% in 2009, continuing to decrease at a slower rate until 2012. At according to Kuokstis (2013), this is the foreseeable effect of fiscal consolidation. Thus, part of the population was exposed to the risk of losing income, being pushed into poverty and social exclusion due to unemployment. Moreover, the low wages impacted the formation of a ‘working poor,’ meaning that even those employed could not survive on labor market income and needed social support (see Table 1).

![Figure 2. Socioeconomic indicators and migration 2003–2016.](source: Lithuanian statistics 2017.)

Note: real GDP and real wages are expressed by percentage change compared to the previous year. Emigration rate is per 1000 inhabitants.
For the purposes of this article, two observations can be made. First, all indicators reflect the impact of economic crisis in 2008 and 2009. Secondly, none of the indicators have yet reached the pre-crisis level. Although GDP growth recovered the quickest, recently it has slowed down and currently fluctuates around the EU average (Eurostat 2017). GDP demonstrates economic growth in terms of productivity levels, and theoretically, growing productivity should lead to growing income, which consequently contributes to higher economic well-being. One of the main issues here is that GDP does not show it; a problem already addressed by economists (Stiglitz, Sen, and Fitoussi 2010). Another important issue in exploring general well-being is that the gross indicators do not properly reflect the situation at the microlevel. Thus, growing gross productivity does not necessarily equal the citizens’ well-being, concealing increasing inequality and poverty. This is demonstrated by the Gini Coefficient and S20/S80 income ratio and poverty indicators in Table 2. While the former is sensitive to the income distribution for the ‘middle’ of all individuals’ income levels, the latter shows the income gap between the richest and poorest fifth in the country.

For Lithuania, both indicators show that the economic crisis appears to have produced new inequality drivers. Though 2011 brought some positive changes in comparison to other EU countries, Lithuania is still among the most unequal, following Latvia (35.2), Spain (34), and Romania (33.2) (Eurostat 2017). The widening gap between the 20% of the poorest and wealthiest suggests that the crisis has hit the poorest part of society the hardest. The income for the wealthiest in 2009 was more than six times that of the poorest; a disparity that rose further in 2010 to over seven times.

**The political reaction to the economic crisis: ‘tightening the belts’**

When the global economic crisis started in Europe, parliamentary elections (Seimas) occurred in Lithuania and the newly appointed government started its work. The government presented its program at the end of 2008 and offered a ‘Coping with the Crisis Plan’ (Krizes įveikimo planas). Under the rhetoric of aiming for the ‘effectiveness’ and implementation of ‘necessary essential changes,’ the document described the three main future objectives of government. First, it was to prepare for the sudden

### Table 1. Income inequalities in Lithuania: Gini coefficient and S80/S20 (2007–2013).

<table>
<thead>
<tr>
<th>Year</th>
<th>Gini coefficient</th>
<th>S80/S20</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>33.8</td>
<td>5.9</td>
</tr>
<tr>
<td>2008</td>
<td>34.5</td>
<td>6.1</td>
</tr>
<tr>
<td>2009</td>
<td>35.9</td>
<td>6.4</td>
</tr>
<tr>
<td>2010</td>
<td>37</td>
<td>7.3</td>
</tr>
<tr>
<td>2011</td>
<td>33</td>
<td>5.8</td>
</tr>
<tr>
<td>2012</td>
<td>32</td>
<td>5.3</td>
</tr>
<tr>
<td>2013</td>
<td>34.6</td>
<td>6.1</td>
</tr>
</tbody>
</table>


### Table 2. Microlevel data on unemployment (2007–2013).

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of registered unemployed (thousands)*</th>
<th>Number of registered vacancies (thousands)*</th>
<th>Unemployment benefit recipients (thousands)</th>
<th>Unemployment benefit recipients (% of all unemployed)</th>
<th>Number of unemployed (thousands)</th>
<th>Number of vacancies (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>64.4</td>
<td>22.1</td>
<td>73.4</td>
<td>31.9</td>
<td>234.4</td>
<td>201.3</td>
</tr>
<tr>
<td>2008</td>
<td>88.3</td>
<td>5.8</td>
<td>203.1</td>
<td>34.7</td>
<td>312.1</td>
<td>216.9</td>
</tr>
<tr>
<td>2009</td>
<td>210.6</td>
<td>6.7</td>
<td>247.2</td>
<td>18.1</td>
<td>270.4</td>
<td>216.9</td>
</tr>
<tr>
<td>2010</td>
<td>270.4</td>
<td>5.8</td>
<td>216.9</td>
<td>6.7</td>
<td>270.4</td>
<td>144.4</td>
</tr>
<tr>
<td>2011</td>
<td>228</td>
<td>5.8</td>
<td>216.9</td>
<td>6.7</td>
<td>228</td>
<td>144.4</td>
</tr>
<tr>
<td>2012</td>
<td>196.8</td>
<td>5.8</td>
<td>196.8</td>
<td>6.7</td>
<td>196.8</td>
<td>144.4</td>
</tr>
<tr>
<td>2013</td>
<td>172.5</td>
<td>5.8</td>
<td>172.5</td>
<td>6.7</td>
<td>172.5</td>
<td>144.4</td>
</tr>
</tbody>
</table>


economic downturn and financial problems. Secondly, it was to ensure that the necessary changes were immediately implemented, including; reorganizing the state’s governance from the basics; intensifying the fight with corruption; promoting solutions in the energy sector; creating innovative economics; reorganizing healthcare and education systems; and overcoming social exclusion. It was believed that the economic hardship was the right time for these actions, due to a ‘higher consolidation’ in society (LR Parliament 2008). Lastly, it was to ensure that the government acted in a transparent manner, having constructive dialogue with society and its groups. Failure to implement the ‘Coping with the Crisis Plan’ would circumvent the rest of the program’s implementation, leading the country into a deep economic and financial crisis, ‘which would especially painfully hit individuals with low earnings, pensioners and unemployed.’ Thus, after the economic crisis hit Lithuania, the main aim of government was to keep fiscal sustainability, i.e. to balance the state budget (LR Parliament 2008).

There are two kinds of economic adjustment – internal and external devaluation. The latter – currency devaluation – was still available to Lithuania as an option, different from Eurozone countries. It is also often considered a better option because it is a fast way to increase competitiveness, as well as reduce the budget deficit and unemployment. In economic theory, two ways of proceeding with fiscal adjustment are recognized: fiscal expansion and fiscal contraction/consolidation (Kuokstis 2013). The first option was, surprisingly, promoted by the IMF at the very beginning of the crisis, and followed by the USA and UK (Farnsworth and Irving 2011). It was also recommended to the Baltic states by the same IMF and other international experts (Kattel and Raudla 2013). It is a Keynesian recipe of stimulating aggregate demand and employment which also slows down internal devaluation, in this way negatively affecting competitive growth (Kuokstis 2013). The EU (European Central Bank) offered a bailout, but the Lithuanian government went with the fiscal consolidation. This type of political response to economic crisis is designed to regain investors’ trust. Thus, the measures of internal devaluation or so-called austerity were implemented. These were preferred by elites and at first not opposed by general society (Kuokstis 2013). According to the theory, internal devaluation brings about lowering prices and wages and due to the rigidity of the latter, this kind of economic adjustment takes more time, with higher political and social costs (Kuokstis 2013).

The overall fiscal consolidation in Lithuania amounted for 8% of GDP in 2009, and 3.7% in 2010. On the revenue side, it constituted 1.6% in 2009. As such, austerity measures included changes in the taxation system such as increased VAT, corporate tax, excise duties on cigarettes and alcohol, and the introduction of real estate tax. However, the primary focus was on expenditure – consolidation measures amounted for 5.8% of GDP in 2009 and 3.7% in 2010 (Kattel and Raudla 2013). Here, the main aim was ‘saving’ by cutting expenditure in the public sector (i.e. reducing wages, employee layoffs, and restructuring). The wage cuts amounted to 17% during 2008–2011, varying vastly among individuals depending on salary (Nakrosis, Vilpisauskas, and Kuokstis 2015). Moreover, cuts on basic salaries were introduced in 2009, and a special commission, the ‘Commission of Sunset,’ was formed to pursue with the evaluation and reorganization of various public institutions (Nakrosis, Vilpisauskas, and Kuokstis 2015).

Alongside these measures, more essential reforms began. Particularly, the reform of SODRA was important. The widescale public debates in Lithuania regarding this started in 2010 due to the alleged inefficiency and huge debts of SODRA. In order
to cope with these problems, fulfill EU commitments, and maintain the social security system in a sustainable way, new guidelines concerning national social insurance and the reconstruction of the pension system were accepted by SODRA, the Lithuanian Parliament, and government. SODRA also went under institutional reorganization and some offices were closed, reorganized, or merged with the purpose of efficiency and effectiveness. Further, saving and salary cuts were introduced, as well as: supporting SODRA from the State Budget; division among social insurance, health insurance, and pension systems; and a clearer and stronger relation between benefits and contributions (LR Ministry of Social Security and Labor 2011). Such measures implemented or planned in the areas of social insurance and social assistance consisted of those in the contribution system (SODRA’s reform), benefit reduction, as well as the implementation of maximums (‘ceiling’) and tightened entitlement conditions.

**Altering unemployment benefits**

When unemployment levels rose with the crisis to 13.7% in 2009 and 17.8% in 2010, the number of people registered with the Lithuanian Labor Exchange (LLE) almost tripled and more citizens drew unemployment benefits (Table 3). Concurrently, benefit cuts were introduced. With effect from 1 January 2010, the minimum benefit remained at 350 litas (€101), but the maximum was considerably reduced: from 1042 (€302) to 650 litas (€188) (LR Parliament 2008). Just above one-third of all people registered with LLE received unemployment benefits in 2009. This dropped to 18% in 2010 and continued to decrease for 2011 (Table 3). The reduced numbers were due to the shortened duration of unemployment benefit payment but also to tightened conditions for benefit receivers.

When it comes to Lithuanians’ attitudes, the International Social Survey Program (ISSP) revealed that 82% of respondents in 2010 thought unemployment benefit was underfinanced and around 90% in 2010 and 2011 thought that the Lithuanian government was not successfully dealing with the unemployment problem. Around 70% of the population (with a slight increase in 2011) disagreed that ‘opportunities to become employed were equal for all,’ while 87% in 2010 and 80% in 2011 thought that decent payment for work was not assured (Razanauskaite 2012). The Eurobarometer reports on Social Climate for the years 2009–2012 also provide evidence of the negative evaluation of the provision of unemployment benefits (Eurobarometers on Social Climate 2009–12).

**Pension reductions**

Short-term cuts were introduced on pensions in January 2010. This meant that pensions were reduced by up to 70% for employed pensioners, and up to 12% for non-employed (Gruzevskis and Blaziene 2011). As Table 4 illustrates, the average

<table>
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<tr>
<th>Table 3. Average social insurance old-age pension and aggregate replacement ratio (2007–2013).</th>
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<tbody>
<tr>
<td>2007</td>
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<tr>
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</tr>
<tr>
<td>Average pension (€)</td>
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<tr>
<td>Replacement ratio</td>
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pension for 2010–2011 was reduced by about 8%, though the replacement ratio increased. This indicates that the earnings of the reference group (50–59 years old) decreased during the crisis.

Together with short-term measures of pension reduction, issues of wider reform were raised in 2010. According to the guidelines issued by the Ministry of Social Security and Labor, more attention should be devoted to ‘securing’ pensions by prolonging the working age and actively promoting savings accumulation for retirement using occupational and private funds (LR Government 2011).

The developments concerned the three pillars of the pension system. The possibility to use the second pillar appeared in 2004 when everyone could choose between staying within SODRA’s system or also signing contracts with private funds (often banks), accumulating additional pensions. For the latter case, part of the contribution to SODRA would be transferred to private funds. In 2004, this amount was 2.5%, rising by 1% every year until it reached 5.5% in 2008. With the onset of the crisis between 2009–2011, the social security transfers to second-pillar pension funds were reduced from 5% to 1.5%, diverting the biggest share to SODRA’s budget and making working individuals more dependent on the state pension, thus also ‘reversing the trend of pension reform and creating uncertainty about its continuity’ (Nakrosis, Vilpiauskas, and Kuokstis 2015, 530).

The data from the ISSP survey indicate the view that the state failed to assure decent aging as 93% of the population in 2010 and 88% in 2011 expressed this opinion (Razanauskaite 2012). The Social Climate surveys reveal the evaluation of pension provision from −10 (bad) to 10 (good). The score from 2009 was −2.8, dropping to −4 in 2010 before reaching a bottom in 2011 (−4.5) and rising again to −3.3 in 2012 for Lithuania (Eurobarometers on Social Climate 2009–12).

### Increasing poverty and inadequate social and family support

During the economic crisis, Lithuania had one of the lowest levels of social expenditure in the EU (15.7% of GDP). Further, poverty-at-risk rate (around 20% in 2011–2012) was one of the highest in the EU (Aidukaite and Genelyte 2012) with the children and young (0–24), and older people (65+) being especially vulnerable (Lithuanian statistics 2017). The crisis saw even an increasing number of employed people falling under the poverty line (Table 1).

The ISSP survey indicates that when it comes to income level, 19% of the population in 2010 and 22% in 2011 were very satisfied. Further, one quarter in 2010 and 29% in 2011 were partly satisfied and more than half (57%) in 2010 and 48% in 2011 were very unsatisfied. The most vulnerable individuals would find themselves in the

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
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<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>In-work at risk of poverty rate (%)</td>
<td>8.1</td>
<td>9.5</td>
<td>10.5</td>
<td>12.7</td>
<td>9.6</td>
<td>7.7</td>
<td>9.2</td>
</tr>
<tr>
<td>Average social benefit (€)*</td>
<td>41</td>
<td>61</td>
<td>75</td>
<td>82</td>
<td>80</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Number of recipients (thousands)</td>
<td>36.6</td>
<td>37.3</td>
<td>73.5</td>
<td>181.3</td>
<td>221.1</td>
<td>221.9</td>
<td>190</td>
</tr>
</tbody>
</table>

Note: ‘In-work at risk of poverty rate’ refers to employed people 18–64 years of age, who are in the at-risk of poverty category after receiving labor market income but require social support. *Author’s calculation using spending on social benefits and the number of recipients.
situations of unemployment (81% in 2010 and 90% in 2011), retirement (67% in 2010 and 70% in 2011), illness (69% in 2010 and 70% in 2011), and becoming a parent (37% in 2010 and 41% in 2011) (Razanauskaite 2012). The micro-simulation on the capacity of Lithuanian welfare policies, expressed as tax-benefit mechanisms, indicates that during the economic crisis the vulnerability of poverty increased for the unemployed and in cases of child birth (Navicke 2014). The number of child benefit receivers reduced drastically in 2010 after tightened conditions for eligibility based on means-testing (Gruzevskis and Blaziene 2011; Table 5). Hence, 80% of the ISSP study respondents indicated a lack of support for families and children. Moreover, 73% in 2010 and 62% in 2011 thought that it was difficult to raise children in Lithuania (Razanauskaite 2012). Nevertheless, unemployed individuals during the period 2007–2012 were even less protected against poverty than those who had children (Navicke 2014).

Despite the fact that the average social benefit and number of recipients grew during the peak of the crisis, many Lithuanians expressed an opinion of a failure to tackle poverty, even though the results in 2011 were slightly better (Razanauskaite 2012). Eurobarometer polls on Social Climate indicate that on the scale from −10 (bad) to 10 (good), poverty and inequality reduction in the country are evaluated the most negatively in comparison to other areas (i.e. unemployment benefit provision, pensions, and healthcare). In 2009, this indicator was −4, falling to −5 in 2010 and reaching its lowest in 2011 (−5.5) before going up to −4.6 in 2012 (Eurobarometers on Social Climate 2009–12). Only 5% in 2010 and 2011 agreed that the equal standard of living is assured in the whole country; 81% in 2010 and 72% in 2011 disagreed (Razanauskaite 2012).

### Emigration and inequalities

As shown in Figure 2, emigration rates (with some delay) surged in response to the economic recession. The desire to improve material well-being has been one of the most important incentives to move since the fall of the Soviet Union, resulting in terming emigration from Lithuania as ‘economic’ (Sipaviciene and Stankuniene 2011). As presented, the overall living standards plummeted sharply with the onset of economic crisis in 2008. A surge in unemployment and poverty rates, alongside sharp decreases of GDP and real wages as well as growing inequalities translated into adverse life situations for many Lithuanians before their departure. But, not all of the ‘growth’ and ‘decline’ was spread equally, indicating that some migrants had more privileged situations upon their migration.

### Occupational inequalities: individual migrants’ experiences of and responses to working and living conditions

This section presents an analysis of the experiences of Lithuanians who departed to Sweden in the period 2008–2013, revealing how employment opportunities and labor
conditions (including payment) depend on various conjunctures of occupational, regional (spatial), educational, and age inequalities. It further demonstrates how employment opportunities and living conditions affect a variety of spheres in the quality of life, presenting how experiences and perceptions translate into individual emigration decisions. Specifically, the lack of employment opportunities and sharply decreasing salaries in Lithuania affected the material quality of life for workers in lower and medium skilled sectors, and were especially visible in the construction sector where the majority of employees are men; the group most likely to have become unemployed during the economic crisis (Bachmann et al. 2015).  

The experiences of some of informants are very illustrative. For instance, Vytenis, who was working in construction sector in Lithuania and has been a posted worker in Sweden since 2010, had a difficult material situation brought about by the onset of the economic crisis. Salaries in the construction sector, which surged during the economic uprise, sharply declined with the onset of the crisis (Lithuanian statistics 2017). Vytenis was working and his wife had a job. Thus, it is a case where an economically stable family suddenly becomes ‘working poor’:

> [W]hen I came here, there were big debts. Now they are gone. We were sinking in debts. We were borrowing…. So if I, for example, have a [housing] loan taken from the bank, only for the apartment, I need to pay 1,000 litas [ca. €290]… [to the bank]. Can you make ends meet? I think it is very difficult.

As for Arturas, the economic crisis resulted in re-emigration. He was a posted worker, employed in a Lithuanian construction company that was subcontracted in Sweden, but decided to go back to Lithuania during the economic boom years:

> I worked in Sweden for a year and a half [as a posted worker], then I came back to Lithuania because it was very good in Lithuania at the time. But, when I came back, I became employed [in another construction company] in August [2008] [and] by February [2009] I was already on the Labor Exchange… So, the crisis came and then I called the previous boss [of the company that previously posted Arturas] and came back to work to Sweden again…. In Lithuania… it was always difficult, but I was never on the Labor Exchange.

Simona took irregular temporary employment in a Swedish farm in 2011 after being laid off from the private service sector and enduring financial difficulties in Lithuania during the economic crisis. Her plan was to take advantage of the wage gap between Lithuania and Sweden:

> I had a loan. And I did not have work, while my mother was working alone, we lived together. I was looking for work abroad, so that I could earn money and pay back that debt, because it was a lot every month. And this opportunity came up, my friend called me and said: there is a job in Sweden, for two months in the farm. I thought ‘great,’ I was very glad, because the money seemed … big.

The problem of paying back loans was brought up as a reason for Lithuanian emigration even before the economic crisis (Maslauskaite and Stankuniene 2007). As seen from Vytenis and Simona’s cases, unemployment and lowered earnings are factors that make it more difficult to maintain liabilities. The cases also demonstrate the strategy of family and friends help with social support when the market and the state fail. Meanwhile, Arturas’ conclusion depicts the extent of the decline that is qualitatively different from his previous experience.
Turning to the private highly skilled sector reveals that the economic crisis arrived there with some delay. Nijole noted the ‘stagnation’ in 2010, just before she departed due to family reasons. Further, Gintaute received an offer to be transferred within an ICT company in 2008. She did not have any economic reasons to move, remembering that: ‘It still was ok [when I left] and I was thinking how timely they invited me here, because later they dismantled our little structure [unit] where I was working, I don’t know how it would have ended up for me.’ Thus, the economic crisis did affect the company branch (and her department) in Lithuania, but not in the Swedish headquarters. The restructuring came later, and at the time of the interview Gintaute was unemployed, looking for a job in Sweden.

Not all sectors, however, were affected by the crisis, e.g. the public healthcare sector. The mismatch between responsibility levels and payment was a typical reason for the departure of medical doctors. Milda, living in Sweden since 2013, explicitly presents how it affected her quality of life:

In four [different jobs in Lithuania] I was earning 4,000 litas [ca. €1,160]. Yes, it sounds funny to me. So, that is why I came – because of money and workload. When you are still quite a young person and you work, work, work, and don’t see anything else, what kind of life is that?

Another young doctor, residing in Sweden since 2011, Kristina ‘got tired of the working conditions’ and was also talking about the low prestige of her profession and negative attitudes to doctors in Lithuania (bribe-taking). In particular, she criticized the (negative) way authorities look upon doctors and the instability brought by constant reforms. It resonated with Loreta’s experience, who came to Sweden in 2008: ‘And again contacts with all the Lithuanian officials, with all bureaucracy, already triggered this kind of feeling of helplessness.’ Importantly, none of these three women experienced any worsening conditions during the crisis, even when Loreta looked back on her colleagues’ situation (she left at the beginning of the crisis). Thus, public sector cuts did not worsen their labor conditions, assigning them as – as Juska and Woolfson (2014) suggest – the ‘winners’ of the dual labor market.

The emigration choice for the last group of emigrants, often called ‘mobile individuals’ (Favell 2008), was not influenced by the economic crisis, illustrating the inequality of privilege in the labor market. For example, Laura, a bank employee who took a job offer to move to Sweden together with her husband, an IT specialist, and family, claims they emigrated ‘for fun,’ not out of necessity. Vida, a top manager in an international company, moved ‘out of curiosity’ after she was contacted by the international recruiters. Here, freedom of choice and a will for new experiences and challenges – reasons more common for the period between EU accession and the economic crisis (Barcevicius et al. 2008; Sipaviciene and Stankuniene 2011) – point to the ‘individualization of migration’ debate (Saar 2016). Nevertheless, what was common to all informants on the privileged end of the unequal labor market is that they are highly skilled, top managers, employed by international companies.

**Social inequalities: region (space), education, and age**

Another disadvantaged group of individuals lives in the periphery, highlighting the problem of regional inequalities. This was pointed out by research and public debates
in the discourse of ‘social serfdom’ (Donskis 2006; Sipaviciene and Stankuniene 2011).

In the Lithuanian context, big cities and especially the capital Vilnius are in better socioeconomic situations than smaller towns. Some smaller towns are in decay and emigration only accelerates this downward spiral. On the other hand, the very same decay affects the quality of life and provides the motivation to move (Ubareviciene, van Haam, and Burneika 2016).

Consider Arnas and Neringa’s experience. They were employed in 2007 in a Swedish campsite, although two years later, it appeared that there was no formal documentation for Neringa: ‘…one day we were passing by the Swedish Tax Agency office and I found out I was not employed. I was getting “black money”… we [got] into a conflict with bosses and [had to] leave.’ They returned to Lithuania, and after two months went back to Sweden as tourists to another campsite. When asked if they tried to look for a job in Lithuania, both smiled and said ‘no.’ Neringa added: ‘we didn’t even think about it.’ According to them (at the time of the interview in 2014), pay in Lithuania is very low, prices are high, and the crisis has not yet ended: ‘Maybe in the big cities you can find a job, but in a province – no chances’ (Arnas). Even upon unemployment abroad, the couple did not look for job opportunities in Lithuania during the economic crisis period. When they got an opportunity to have stable employment, they moved to Sweden also taking their school-aged daughter.

The majority of the informants who stated that the economic crisis did not have any effect on their decision to move come from the capital Vilnius and are employed in international companies. This intersection between residence and employment type is not a coincidence. The unequal distribution of foreign direct investment (FDI) in Lithuania (Lithuanian statistics 2017) has affected the development of new vacancies in the service sector that require higher education and provide a possibility for mobility between the branches and headquarters of the international companies. Ermina, living in Sweden since 2013, comments that it is often a ‘natural part’ of a career: ‘Because in the international companies you either accept or decline the offer. If you want to achieve something more, you must accept.’

This goes in line with previous research indicating the role of the transnational companies directing people to certain destinations, but also shaping the very decision of migration by tying it to career opportunities (Findlay and Li 1998). Ermina mentioned more aspects of her – or rather her family’s – decision: ‘Of course, first I looked [at] if it is good for my child… then, if my husband will have an opportunity to work.’ She also evaluated ‘the differences in the living standard,’ because ‘salary is a good thing,’ but it was complicated to take into account prices, taxation, and to calculate purchasing power. Meanwhile, Vidmantas explained his emigration decision with simpler math:

Salaries differ a lot…. I don’t know what the exchange rate is, surely eight to nine times more than in Lithuania…. When you receive this kind of salary, you do whatever you want, you buy whatever you want, you go and travel where you want…. There are no limitations, you want, you go, and buy a computer, TV, if you need, iPhones. You don’t need to save, you go and buy.

It seems that income gaps between Lithuania and Sweden ensure a better standard of living and financial freedom. Vidmantas did not even look for job after his graduation, he departed to Sweden directly after it in 2011.

Young people are another disadvantaged group in the Lithuanian labor market. For instance, Jovita, Arunas, and Giedre fall under the category of ‘highest emigration
probability,’ confirming the problems endured by youth that were brought up in previous research regarding education-labor market transitions (Martinaitis and Zvalionyte 2007; Kurekova 2011). Moreover, they have lower education attainments, demonstrating that not only the highly skilled experience difficulties entering the Lithuanian labor market.

Giedre, living and working in Sweden since 2008, did not actively seek to go abroad, coming to work for a summer in the cleaning sector after her cousin offered a job:

I was looking for a job earlier in Lithuania… [They’d] say: “do you have work experience? No? So, thank you, we do not need you.” And where can you get that experience, if no one employs you without experience? So, for a young person sometimes it seems [hopeless]… And if you do not have anyone, who would fix a place for you, that’s the situation.

Hence, Giedre reveals that a lack of experience impedes the possibility of becoming employed, pointing out to the problems of ‘patronage’ and ‘nepotism’ that were brought up in the public and academic discourses (Juska and Woolfson 2014; Genelyte 2011). Meanwhile, Arunas and Jovita, who came to Sweden in 2008, talk about the unaffordable housing that was mentioned as one of the departure reasons before the economic crisis (Maslauskaite and Stankuniene 2007). The couple reveals the relation between age, low earnings, and access to the decent place of living:

Jovita: We were also earning in Lithuania, [though] not like here…
Arunas: Yes, but what [did] we [have] in Lithuania? Nothing! We took a part of [our] parents’ house and lived there somehow.
Jovita: …When we tried to get a loan in Lithuania they told us: ‘you are too young.’ I mean, for a young person in Lithuania to have your own housing … it is impossible.

Here, it should be noted that regional inequalities often intersect with age and educational inequalities, making the situation even more complex (e.g. Giedre was living in a smaller town before departure). Moreover, age inequalities encompass not only young people struggling to enter the labor market but also the elderly upon their retirement.

Re-distribution: emigration and a lack of (e)quality

The role of the welfare state includes the enhancement of equality within society via income redistribution. Thus, it reduces the risks related to labor market insecurities and raises the living standard that should contribute to the quality of life for individuals. Therefore, this section considers the role of the welfare state in the decisions to depart from Lithuania. It does so in two instances: labor market exit by becoming unemployed and the anticipation of retirement.

Returning to Arturas’ case, the main reason for him to re-exit during the economic crisis with his family was not only unemployment, but also low offered payment and a scarce safety net of targeted social policies during the financial crisis:

I remember when I was in the Labor Exchange during the crisis, my children got free meals [at school] for one month. Next month my wife got a salary higher by 1 litas [ca. €0.30, a very small amount] and they [the Labor Exchange] took it [from the benefits]. That’s it.

This illustrates well the inadequacy of social support that was available during the economic crisis and austerity. Arturas drew the comparison between possible income
from employment at the statutory minimum wage generally offered by employers at the time and available benefits:

And they offer me a salary [offered job] in the Labor Exchange, 800 litas [€232, the statutory minimum salary at the time]. So, when we calculated, I said: I live far from the city, I need to come every day… I need to have food, I need to pay taxes, and what is left from these 800? 150–200 litas [ca. €44–58] are all my earnings… So, why do I have to go to work for these 200 litas, if sitting at home I can get 700 [ca. €203 benefit]?… It is illogical, if the benefit is the same as a minimum salary. And a minimum salary was paid by almost all companies. It is funny in this way, nothing else to say.

It is important to note that even though introduced austerity measures saw a reduction in employment benefits and tightened entitlements, the private construction sector contraction due to the economic crisis was even larger – the salaries offered by many employers after taxes were lower than the state support.

Many informants in the study, in one way or another, also raised the question of poor living standard once retired. These comments begin with Arnas and Neringa, an older couple who were planning to return to Lithuania only after retirement and ‘live there with the Swedish pension,’ and end with the top manager Ermina who commented that ‘…here [in Sweden a] pension for five years [a minimum period of contributions in Sweden] will be higher than in Lithuania for 30 years.’ Furthermore, Aivaras, employed in an international company in Lithuania who moved to Sweden in 2012, pointed out that neither salary nor working environment had influenced his decision to leave. Employment in the international company in Lithuania meant high labor standards and a good working culture; however, he was critical toward pension system policies:

I am paying contributions in order to get benefits when I am old, this is my understanding on how pension funds should operate. If they discuss in Seimas [Lithuanian Parliament] to reduce, take away, or return pensions, if they dare to allow this kind of thought, that they can take away pensions, it means that they give those pensions. Well, they do not, people accumulate them.

Here, the effect of the implemented austerity measures is very visible. As Nakrosis, Vilipisauskas, and Kuokstis (2015) conclude, the redirection of pension contributions from pension funds to SODRA made the whole pension reform uncertain. Aivaras revealed how he perceived it and the way it translated to his decision to leave:

…my decision was to choose another system, and there are many people who vote with their feet in these cases… One of the reasons is distrust in the system… I did not emigrate for the things I could not stand in Lithuania, probably the only one nuance is social security.

This is a very important point that resonates with the media discourses and previous research; that is, distrust in the system, or rather in the institutions as Aivaras points to the governing bodies, e.g. parliament (Hazans 2016; Juska, Woolfson, and Genelyte 2011). Thus, emigration in this case is a ‘silent protest’ against the neoliberal policies that exacerbated with austerity measures (Greskovits 2015; Lulle 2009; Meardi 2012).

Discussion and conclusion

This article has several theoretical and empirical contributions for the Lithuanian migration research in the context of the crisis with austerity and its aftermath.
First, the interview material connects to the Hirschmanian relation between the decline of quality and exit, suggesting that decline in a macro context does not directly lead to emigration decisions. On the one hand, this is because the decline brought by the crisis spread unequally throughout sectors and over time (e.g., construction and international financial sectors). On the other hand, the macro changes were not perceived as a decline. This was illustrated by the medical doctors who presented their working conditions as continuously structurally problematic. At the time of a huge public sector contraction, these interviewees pointed not to the decline, but instead to the lack of possibilities for future improvement. Nevertheless, the crucial aspect which affected the emigration decisions was the perceived better quality of life in Sweden. This spanned from survival strategies of the unemployed and unequal earnings between Lithuania and Sweden, to better career opportunities and self-actualization for the more privileged migrants.

Secondly, although these conclusions derive from the market situation, attention also needs to be paid to the effect of state and social provision. The discussion on the implemented austerity measures revealed that upon labor market failures induced by the economic crisis, the state also rolled back. Thus, it neither became a strong safety net nor did it correct the market-induced inequalities. This conjuncture between the market and the state activities left people to rely on family and friends perceived as a lack of possibilities in Lithuania, which led to emigration decisions. Moreover, irrespective of the current (in)security in the labor market situation, almost all informants pointed to the anticipation of future dependence on the state as contributing to the decision to emigrate. Here, the image of low pensions and living standards was enriched with the insecurities that political decisions had a power to alter the pensioners’ quality of life overnight. For example, Aivaras denoted it as ‘distrust in the system,’ highlighting the conclusion that in the market-state interplay, it is not only the current quality of life, but also the future possibilities in Lithuania or elsewhere that count.

Finally, the findings also illustrate unequal emigration possibilities as some informants transfer internationally within their company (e.g., Ermina) and others actively look and access only temporal jobs in low-skilled informal sectors (e.g., Simona).

The gradual re-commodification of labor and unaddressed inequalities in the labor market since the independence has not only affected people’s quality of life but also prevented some from social mobility opportunities in Lithuania. These consequences were strengthened by the economic downturn and austerity measures which have affected the vulnerable part of society the most. Within this framework of structurally unequal conditions, the decision to emigrate is essentially bound to the individual’s perception of the (possible) quality of life for oneself and his/her family members across time and in different places. On the other hand, the unequal conditions of staying are usually further translated into unequal possibilities for leaving. The future research on CEE migration would benefit from addressing the debate of mobility and immobility by exploring the inequality of migration opportunities in the context of the freedom of movement.

Notes

1. NMS includes eight countries: the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia.
The most popular destination is the UK, receiving approximately 20,000 people over the past few years, followed by Germany, Ireland, and Norway with 4000 people departing yearly to each of the countries (Migracija skaiciais 2018).

Sweden started registering posted workers on 1 July 2013. The data from Lithuania is accessible only for 2012 and 2013.

The study is based on the Population Census and encompasses a timespan from 1 March 2010 to 31 December 2012. The age group is 20–64 and all the variables except for the age are constant.

The exception to this is the higher trust expressed in the President’s office (Gaidys 2012).

The latter indicator is constructed as a comparison between the median of individual workers’ earnings aged 50–59 years and the median individual pension.

Employment is the main source of income for the majority of working-aged Lithuanians (Navicke and Lazutka 2017). Official statistics have not noted a significant change in the poverty rate, but this was largely due to changes in the measurement (Lithuanian statistics 2017).

It was affected greatly during the economic downturn. The number of bankruptcies announced for companies in the construction sector more than doubled in 2008 (190 companies) and drastically rose in 2009 (435 companies). Consequently, many people lost their jobs: the highest number of construction workers fired due to bankruptcy was in 2009 when 4944 individuals lost their jobs. Meanwhile, 1867 were dismissed in 2008 and 1803 in 2010 (Lithuanian statistics 2017).

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