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DYNAMICS OF POVERTY

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Abstract. The research basis is provided by the project *Poverty, Ethnicity, Gender in Transitional Societies* implemented under the leadership of Professor Iván Szelényi in six countries of the former Eastern block in 1999–2000.

The data have confirmed the initial assumption of the study: new poverty is being born, which is not an element of the life cycle of the individual but rather a socio-economic dependence affecting entire groups of people. The socio-biological factors (age, gender, children) are not pushed away but are rather transformed by the new dominant. The new socio-economic context even reinforces their effect, especially in some countries. A new, unexpected phenomenon is the formation of an age underclass in Southeast and Russia. All the countries surveyed, except for Poland, exhibit symptoms of poverty feminization. The number of children in a family is a primordial factor bearing on the family budget. However, the strongest dependence is ethnicity-based. The poverty of Roma in Southeast Europe is catastrophic and separates them into an ethnic underclass. Roma people in Hungary are losers as well but their poverty has a different macro-economic backdrop.

The *differentia specifica* of the research topic itself: it is not a static situation but a process in which reason and effect change places, a process that both shapes and is affected by the social structure. In parallel to the liberalization of economic initiative, powerful destructive processes are under way that tear the old social connections apart and turn the social status of immense groups of people upside down. The former middle layers are layered further. The income below average is the common denominator for many of them (in Central Europe) or for the majority (Southeast Europe and Russia), in contrast to the average income before. It could be foreseen that poverty will be irreversible for many and would entail declassation. This is already a fact for ethnic minorities in Southeast Europe and for elderly people there and in Russia. The further dynamics of the process could be traced at a new stage of the study.

Keywords: poverty, underclass, transition

GENERAL REMARKS

Poverty is as diverse as the societies it characterizes, and mirrors all regional and national peculiarities. Not only can we observe Latin American or Asian, African or European poverty, but also Hungarian and Polish, Russian and Bulgarian poverty. To

consider the multiple dependencies that condition the dynamics of poverty in a society means to go to that society's *differentia specifica.* This task becomes both more complex and easier when we analyze a group of countries. Easier because comparisons illuminate new fulcra of analyses and enable us to verify whether the dependencies found are accidental or unique. The task is more complex because the frequent instances of difference across countries require additional explanation.

The very title of this study covers a rather vast subject area. We shall not endeavor to embrace the multi-dimensional aspects of poverty, but we shall get to the core of the issue examining assumptions about the effects of socio-structural and socio-biological factors that lead to poverty – namely, gender and ethnicity. The research is based on the project *Poverty, Ethnicity, and Gender in Transitional Societies* conducted under the leadership of Professor Iván Szelényi in six countries of the former Eastern block in 1999–2000.

The immense array of data is strength of research that could easily become a weakness of presentation. The researcher is facing the *Scylla* of an ocean of figures, where he or she could well sink, and the *Charbydis* of a dry interpretation, unsubstantiated by figures and arguments. In a presentation as brief as this one, conceptual completeness must be our primary concern. Thus, very few of the available tables have been added. Some data are provided only in endnotes. Other findings have been excluded from the text.

Our analysis of empirical data is naturally focused on those factors susceptible to measurement. In addition to such factors, a second layer is visible, which speaks to the social and historical context. Short of discussing them in their own right, we will use such factors as points of departure for further research.

SOCIAL FACTORS

Any survey of societies undergoing market transition must be based on the *ostensible assumption* that poverty – and the financial status of people in general – has become increasingly dependent on class affiliation.[1] Such a hypothesis could be tested without conducting field work by relying solely on statistical data. The current empirical survey, however, belies such methodological naivety. The role of class formation in transitional societies appears to be a much more complex problem.

Strata Differentiation

Retrospective data reveal various dimensions of the remarkable averaging of living standards and the subjective perception of equality during the era of administrative socialism. As of 1988, the perceptions of one's income relative to others in any of the six countries surveyed do not differ as a result of strata affiliation.

1 Theoretical problems about class and its sociological measurement are not within the domain of this paper. We accept the results provided in previous research, which measures class position by profession, education, and activity.

In other words, the vast majority of respondents think their income was close to, or slightly above, average. It should be stressed that the self-assessment of income for manual workers equaled the assessments of managers and professionals.[2] This result is, of course, relative. Its relativity depends primarily on the peculiarities of the society itself. Administrative socialism could only be regarded as a genuine class society; we could refer to it as a "rank society".[3] Vertical links, which dominated during this period, are not measured by our survey. Social advantages could be

Table 1. Comparison of family income received in 1988 and 2000 (in %)

Strata	Country	Far below		Below		Average/Above		Far above	
		1988	2000	1988	2000	1988	2000	1988	2000
Managers and professionals (1–2)	Bulgaria	–	15	10	37	80	37	10	11
	Hungary	–	3	10	13	87	54	3	31
	Poland	–	2	10	8	78	56	9	34
	Romania	–	11	2	28	93	39	5	22
	Russia	1	19	9	46	87	30	4	5
	Slovakia	1	8	5	9	94	64	–	19
Technicians and clerks (3 – 4)	Bulgaria	1	20	5	49	86	27	8	4
	Hungary	1	2	7	23	92	65	–	9
	Poland	2	3	15	21	79	61	4	16
	Romania	1	10	14	35	80	51	4	4
	Russia	–	19	9	46	88	33	2	3
	Slovakia	–	3	5	22	94	60	1	16
Service, agricultural and trade workers (5–7)	Bulgaria	2	31	10	45	80	21	8	3
	Hungary	1	6	15	26	85	61	–	7
	Poland	1	9	12	31	82	52	4	8
	Romania	1	19	14	54	80	25	5	3
	Russia	1	28	11	45	86	26	2	1
	Slovakia	1	4	7	33	91	55	1	8
Machine operators and unskilled workers (8–9)	Bulgaria	3	25	18	47	73	24	7	4
	Hungary	3	13	13	33	84	52	1	3
	Poland	3	10	7	30	86	56	4	4
	Romania	2	16	11	48	82	32	4	4
	Russia	1	31	13	44	85	24	2	1
	Slovakia	1	7	10	45	89	47	1	2

2 Average income in 1988 is reported by 88% of managers/professionals and 87% of mannual workers in Central Europe, and by 87% of managers/professionals and 81% of mannual workers in South Eastern Europe and Russia.

3 See G. Eyal, I. Szelényi, and E. Townsley (2000). Notwithstanding the impressive theoretical works of M. Djilas, M. Voslenski, J. Staniskis, J. Kornai, and I. Szelényi among others on the class structure of the socialist "old regime", and no matter how we refer to this structure – administrative socialism, communism, left totalitarianism – our understandings remain incomplete. Even categories applied in these works are partly insufficient and partly hypothetical.

measured not only in terms of benefits, but also in terms of privilege. Privileges under socialism included not so much access to property ownership, but access to the use of state property.[4] A subjective distortion should be considered as well when interpreting our findings. The readiness to see the past through rose-colored glasses is a function of present hardships. The inevitable relativity of such data, however, should not be exaggerated. The memories of the survivors have an objective basis. Former policies of income averaging made the system stable, as well as blocked its development. Such policies were ideologically supported by equal respect for mental and physical labor. Social homogeneity was officially proclaimed as a public goal. National statistical data for that period illustrate degree to which that goal was met.[5]

Twelve years after the start of transition, the picture is quite different: we can say that the stratification fan is being spread (see *Table 1*).

A process of income-based strata differentiation is under way in all countries. Nevertheless, essential differences can be observed as well. In Bulgaria, Romania, and Russia, the fan is being spread downwards toward the lowest income strata, whereas in Hungary, Poland, and Slovakia the fan is moving upwards toward the highest income strata. Advantages in the latter group of countries go to managers and professionals, and to technicians and clerks. The relatively high level of impoverishment in Southeast Europe and in Russia blurs the differences in those countries.

Strata differentiation becomes clearer if we consider the aggregate consumer expenses incurred by households. Managers and professionals fall into the two highest decile groups, compared to the four lowest groups: in Bulgaria and Hungary the proportion is 3:1; 2:1 in Slovakia; 11:1 in Romania; 12:1 in Poland, and 1.5:1 in Russia. On the other hand, manual workers are over-represented in the group reporting the lowest levels of expenditures.[6] The detachment of the stratification vanguard has occurred more rapidly than for the rear guard. Though manual workers, on the whole, have been the losers during the transition to a market economy, their standard of living does not yet deviate substantially from the mean. In Romania, such workers are actually more represented in the higher decile groups than in the lowest ones. This finding could be attributed to the delayed pace of the reforms and to the political role of some workers' brigades. Generally, levelling is still a residual characteristic in Russia – the country where civil society has suffered the most extensive and dramatic erosion. In Central European countries, where structural reforms are more advanced, the difference between manual workers and the mean is 16 percent in Hungary, 24 percent in Slovakia, 4 percent in Bulgaria, 5 percent in Russia, and 6 percent in Romania.[7]

4 A characteristic example is the court proceedings against Todor Zhivkov. In the course of the proceedings it was revealed that Zhivkov, who had been ruling Bulgaria for 35 years, had no possessions (including an apartment or a car) except for personal belongings for everyday use.

5 In 1980 in Bulgaria the average annual salary was the highest in spheres such as administration (2569 BGL), construction (2516 BGL), transport (2494 BGL), and science (2433 BGL). Differences were minimal. (See Annual Statistical Data of Republic of Bulgaria, 1989. Central Statistic Administration, 1990). The reforms carried out in the 1980s, especially in Hungary, were the first small steps toward differentiation.

6 Manual workers are over-represented in the four lowest decile groups in comparison with the two highest ones. Differences are most significant in Hungary, with a ratio of 2.5:1, in Russia 2:1, and in Slovakia 1.8:1. Poland and Bulgaria appear almost equal. Romania is commented upon in the text.

7 Deprivation is assessed by family income evaluation. Responses include lower than average for non-qualified workers, compared to the average income for the country.

Education

Education, yet another important dimension of class, is of key importance during transition. We should not forget that this is a powerful and cumulative factor. If we set aside national minorities, the elderly, and rural dwellers, the category of people without at least a primary education would virtually disappear. Even so, differences between the financial situation of the least and most educated are striking in all countries. Such differences manifest in various ways: in Bulgaria, Romania, and Russia, differences are at the level of *biological poverty* (not enough money for food), whereas in Hungary, Poland, and Slovakia, differences are at the level of *social poverty* (not enough money for clothes). (See *Table 2.*)

Table 2. Absolute poverty according to education (in %)

Country	EDUCATION	FINANCIAL STATE							
		1. Food (–)	2. Clothes (–)	3. TV (–)	4. Car (–)	5. All (+)	I. (1+2)	II. (3)	III (4+5)
Bulgaria	Less elementary	53	39	7	–	–	92	7	–
	Elementary	36	53	11	0.7	–	89	11	1
	Secondary	17	59	20	4	0.4	76	20	4
	Higher	6	55	31	7	0.9	61	31	8
Hungary	Less elementary	3	56	36	4	1	59	36	5
	Elementary	5	36	42	17	0.6	41	42	17
	Secondary	4	24	44	28	1.5	28	44	29
	Higher	–	11	32	55	1.9	11	32	57
Romania	Less elementary	35	52	12	*	–	87	12	*
	Elementary	27	52	17	3	0.9	79	17	4
	Secondary	13	46	29	10	1.9	59	29	12
	Higher	6	43	32	18	*	49	32	19
Poland	Less elementary	27	44	24	6	–	71	24	6
	Elementary	13	44	34	9	0.7	57	34	9
	Secondary	4	25	51	19	1	29	51	20
	Higher	6	12	37	43	*	18	37	43
Russia	Less elementary	40	50	10	1	–	90	10	1
	Elementary	33	52	14	1	0.4	85	14	1
	Secondary	20	45	29	5	0.2	65	29	5
	Higher	13	40	37	9	–	53	37	9
Slovakia	Elementary	7	39	38	15	1	46	38	15
	Secondary	1	24	41	31	2	25	41	33
	Higher	2	9	37	47	3	11	37	50

* One person

Note: Indicator: 1. We lack money even for food. 2. We have money for food, but it's difficult to buy clothes or footwear. 3. We have money for food and clothes but it's not enough to buy expensive things, such as TV or refrigerator. 4. We can buy some expensive things (e.g. a TV or a refrigerator) but we cannot afford really expensive things (e.g. a new car). 5. We can afford anything we want.

Significant differences exist in the financial status of people with different levels of education and who fall into the same stratification group. Such differences are substantial in Central Europe. It is quite typical, however, that better educated respondents in a given stratum evaluate the change in their financial status less positively after 1988 than the respondents having the same education but belonging to higher strata.[8] The cumulative effect of strata affiliation becomes visible here. The "stratum" indicator affects those who work and, therefore, it is supplemented by the restrictive role of activities, whereas the role of education affects pensioners, the unemployed, and workers alike.

Unemployment

Unemployment is a key factor of poverty in the countries surveyed. The unemployment rate is greater in those countries that were late to restructure. The problem is not so much in terms of class affiliation but in the risk of *declassation* – of falling out of mainstream of society. (See *Table 3.*)

Unemployment rates are far lower among highly educated respondents. This exacerbates the stratifying effects of education. In Central Europe, the level of pensions reflects the social status of retirees: 63 percent are poor (defined by not having enough money for food and/or clothing) and without primary education, 48 percent are poor with primary education, 37 percent are poor with secondary education, and 21 percent are poor with higher education. The difference is 3:1. The respective figures for Southeast Europe are 89 percent, 88 percent, 81 percent, and 76 percent. In Southeast Europe and in Russia, the significance of education disappears below a certain poverty threshold.

Intergenerational Transmission of Poverty

An intergenerational transmission of poverty is under way. This process can be observed most clearly in South Eastern Europe. Respondents with unemployed or casually employed fathers have a greater chance of becoming unemployed themselves. This finding holds true especially in poor and minority families. The data presented in *Table 4* sheds light on the process of underclass formation, with the notable exception of Hungary.

8 University graduates in South Eastern Europe who were managers/professional had two times the chances to improve their situation after 1988 compared to technicians and clerks. For those with primary education, it was more profitable to be a service worker than a non-qualified worker. In Central Europe, secondary education meant that managers and experts were twice as likely to improve their situation than were those in the service sector.

Table 3. Absolute poverty according to activity (in %)

Country/ Random sample	Activity	1. Food (-)	2. Clothes (-)	3. TV… (-)	4. Car… (-)	5. All (+)	I. (1+2)	II. (3)	III. (4+5)
Bulgaria	Work	12	59	24	6	*	71	24	6
	Unemployed	46	42	11	2	-	88	11	2
	Retired	30	58	12	1	*	88	12	1
Hungary	Work	2	22	41	32	3	24	41	35
	Unemployed	7	54	29	11	-	61	29	11
	Retired	4	41	42	12	0.5	45	42	13
Poland	Work	4	26	47	22	2	30	47	24
	Unemployed	23	45	26	6	-	68	26	6
	Retired	11	41	38	10	0.6	52	38	10
Romania	Work	14	47	26	11	2	61	26	13
	Unemployed	26	47	23	3	*	73	23	3
	Retired								
Russia	Work	14	43	36	8	*	57	36	8
	Unemployed	33	40	25	3	-	73	25	3
	Retired	32	53	14	1	0.2	85	14	1
Slovakia	Work	2	22	40	35	2	24	40	37
	Unemployed	18	48	27	6	-	66	27	6
	Retired	3	40	42	14	1	43	42	15

Table 4. Unemployment of respondent by unemployment and/or casual work of father (in %)

		Unemployed father		Father with casual job	
Country	Sample	Unemployed individual	Non-unemployed individual	Unemployed individual	Non-unemployed individual
Bulgaria	Random	24	10	15	10
	Poor	29	9	21	8
	Ethnic	43	27	38	28
Hungary	Random	20	9	13	8
	Poor	12	12	9	12
	Ethnic	9	19	21	20
Romania	Random	14	8	12	11
	Poor	9	8	9	18
	Ethnic	24	16	26	32

Urban vs. Rural Poverty

Different settlement systems have affected income stratification and are key factors in predicting poverty. In fact, rural poverty can be observed throughout the region.[9] Systems of settlement, however, are caused by many factors. The ratio of people with high levels of education versus those with low levels of education in cities and villages is 2.5:1 in Bulgaria (7:1 for higher education), 2:1 in Hungary, Poland, and Slovakia (3:1, 4:1, and 7:1 for higher education respectively), and 3:1 in Romania (7:1 for higher education). The advantage of living in cities is least pronounced in Russia – 1.25:1 (2:1 for higher education). Self-reported improvement or deterioration of financial status since 1988 is distributed similarly in cities and in villages. Slovakia is the only exception: university graduates living in rural villages are in a much worse situation than their urban counterparts.[10]

Social changes during transition have placed rural villages in a complex context. The restructuring of agriculture – a highly conservative sector – has caused more turbulence that can be measured by the decline of agricultural production. On the other hand, for many in this region, rural villages have become necessary for survival, particularly in Southeast Europe.

Cities are more dynamic and attract more capital than rural villages; this is especially true of capital cities. Though Moscow and Warsaw provide noteworthy examples, Sofia and Bratislava occupy a privileged position as well. At the same time, however, social contrasts become more sharply defined in cities. The conspicuous presence of poor people in Bucharest and Budapest provides good evidence of this fact.[11]

Survey data on the importance of one's traditional environment – of respondents' "roots" – in combating impoverishment are interesting. Respondents born in cities are over-represented among those reporting average and higher than average incomes, compared to their rural counterparts.[12]

Irrespective of all provisos of the analysis thus far,[13] our basic finding is the growing link between respondents' economic well-being and their professional and educational attainment. In addition, a number of irregular phenomena can be observed.

9 Poor people, defined as those with a daily income of $2.15 per capita, are over-represented in villages compared to cities as follows: in Bulgaria by 15%, Hungary by 14%, Poland by 20%, Romania by 23%, Russia by 6%, and Slovakia by 8%. At the same time, residents in rural areas have greater opportunities for food production. These findings are reflected in other indicators.

10 In Slovakia, 61% of university graduates who live in villages were in a worse financial situation after 1988, compared to 49% who live in cities.

11 In Budapest, most respondents report lacking the means to purchase food and/or clothing (39%), but most of them also have access to the market. In Bucharest, poverty is higher compared to the rest of the country.

12 The financial situation of citizens born in towns improved in 1988, compared to respondents born in villages. In Bulgaria and Hungary the difference was two times, in Slovakia more than two times, in Poland and Romania nearly two times, and in Russia 1.5 times. Migrants everywhere are over-represented among the losers of reform.

13 It should be noted that data interpretation requires considering the different ratio strata and education in different countries, which presumably reflects differences in national educational systems.

The Anomalies

Our analysis thus far has highlighted a typical inconsistency: *poverty* – be it biological or social – is linked to *property ownership.* In the earliest stages of data analysis, we were able to describe this inconsistency as a Bulgarian paradox (see: Mitev, Tomova and Konstantinova 2000). Comparative analyses have identified this seeming peculiarity in all countries in this region, to a greater or lesser degree.

In all countries surveyed, *ownership of a residence* (flat or house) is quite common.[14] At the same time, 79 percent of residence owners in Bulgaria and 32 percent of owners in Hungary do not have enough money for food and/or clothes. Such discrepancies in Romania and Russia are similar to Bulgaria, and those in Poland and Slovakia are similar to Hungary. This contradiction between ownership and lack of money for basic necessities was recently displayed in Sofia, where people lined up to suspend the central heating supply to their flats because they were unable to afford it. Our data suggest that 30 percent of Bulgarian and 12 percent of Romanian homeowners went (at least once) without heating last winter.

Nearly half of all households in Central Europe, one-third of households in Romania and Bulgaria, and one-fourth of households in Russia use automobiles. However, data show that 23 percent of respondents who own cars in Southeast Europe, 29 percent in Russia, and 12 percent in Central Europe report that had not incurred any transportation expenditures – in other words, they had not used their cars.[15]

Telephone communications are highly developed in this region.[16] Yet more than half of all phone line owners in Southeast Europe and in Russia, and one-fourth to one-third in Central Europe, face serious problems in buying food and/or clothing.

Refrigerators play an important role in the living standard in this region. The prevalence of refrigerator ownership, however, is somewhat paradoxical: half of all Bulgarians (57% of the Romanians and 73% of the Russians) who report going to bed hungry at least twice per month, own a fridge. They own refrigerators that are empty! It is ironic that, in addition to owning a fridge, those going without food and other necessities also report owning a TV set. Of course, starvation is an extreme form of financial deprivation. The milder version is malnutrition, or lack of food rich in proteins and vitamins, which is suggested by the rate of reported difficulties in buying meat, fish, and fruits and vegetables.

The prevalence of residence, car, telephone, TV, and refrigerator ownership distinguishes poverty in the former Second World from poverty in the Third World. Real estate ownership is not in itself a stratification distinction. To the contrary, widespread ownership reflects the degree of social homogeneity achieved in the former socialist countries. The current, ongoing process of social differentiation is

14 The lowest figures are in Poland and Russia (60–61%), which are high by European standards. Levels in the other countries vary from 79% in Slovakia to 92% in Romania.

15 Data show correlation between financial situation of the household and lack of transportation costs. In Bulgaria, 48% of all households with income under $ 2.15 per capita have no transportation costs at all, compared to 24% of those with higher incomes. In Hungary the respective figures are 32% and 37%, in Poland 42% and 28%, in Romania 51% and 28%; in Russia 52% and 26%; and in Slovakia 32% and 21%.

16 79% of Hungarians, 76% of Bulgarians, 73% of Slovaks, 69% of Poles, 56% of Romanians, and 48% of Russians own private phones.

based on that ownership. Perhaps for psychological reasons, people seem unwilling to relinquish their own residence even when their financial resources have disappeared. A contradiction emerges between ownership and income – a contradiction that materializes in the empty fridge, the parked car, and the unheated flat. Our findings also suggest the potential result of such contradictions. If one has a flat tire but no money to repair it, the car depreciates in value.[17] If you own a car but have no money, the car remains still and deteriorates without use. If you own an outdated black-and-white TV but cannot afford to buy a new color TV, you cannot rely on having your old set serviced should it break down.

Yet another inconsistency can be observed in the following anomaly: high social status does not necessarily guarantee enough money to meet everyday needs. In the case of Southeast Europe, high social status does not even ensure enough money for food. Indeed, class formation is ongoing, this process has not yet reached a level where status, income, and ownership necessarily correspond.[18]

Another typical anomaly emerges from the following finding: those with high social status, defined as professionals with high qualifications, are not exempt from resorting to primitive efforts to obtain food. A university professor in any normal country has enough money to shop for potatoes or mushrooms. In transitional societies, the rules have changed; a professor must plant potatoes in his or her garden or go mushrooming in the forest.[19] Additional shocking examples also exist. For example, urban residents commonly raise domestic animals and/or poultry in their flats![20] In Southeast Europe and in Russia, every other respondent who does not hold a degree, and every fourth respondent who does have a degree, breeds domestic animals and poultry. The relevant figures for Central Europe are 34 percent and 18 percent. In Central Europe, stratification differences are more limited, but we still observe this anomaly in those countries. These findings express further inconsistencies; namely, there are significant discrepancies between high status and income. This unique feature of transition most clearly obtains in Russia. In all other countries surveyed, the picture is similar though less sharp. In cities and villages alike, people grow or breed agricultural products at home, and such practices are nearly as typical among the most educated as among the least educated. (See *Table 5.*) A process of *de-intellectualization* of an individual's everyday activities parallels whereby cities are becoming *countrified,* or agrarian, on a global and social scale.

17 The great majority of the poor (defined as households with daily incomes under $2.15 per capita) have no "other expenditures", including for repairs: in Bulgaria 84%, in Hungary 80%, in Romania 89%, in Russia 90%, and in Slovakia 63%.

18 The work of Raychev, Kolev, Bundjulov, and Dimova (2000) represents a heuristic break-through in relationship status–property–income analysis.

19 The fact that 43% of university graduates in South Eastern Europe do not have enough money to buy clothes might be interpreted as a desire to purchase more luxury clothing. The answer to this hypothesis can be found not only in research data but also in practical actions. For instance, at the end of 2000, Sofia University "St. Kliment Ohridsky" management gave $100 allowance to each lecturer for clothes and/or shoes. This allowance was not for overcoats but for clothes to appear in before the students. As a Bulgarian saying goes, "a full belly does not believe it is empty". Such facts are beyond the Western imagination.

20 In two district-centers of Bulgaria (Montana and Vratsa), the local administrative governments issued a special order prohibiting the breeding of farm animals and birds in city apartments.

Table 5. Food consumption produced by household by education (in %)

Country	Location	Less elementary	Elementary	High	N
Bulgaria	Urban	42	41	30	(228)
	Rural	90	92	90	(256)
Hungary	Urban	28	28	28	(172)
	Rural	60	67	61	(223)
Romania	Urban	42	36	26	(188)
	Rural	87	86	87	(359)
Poland	Urban	27	13	11	(74)
	Rural	22	76	63	(170)
Russia	Urban	59	64	66	(1097)
	Rural	87	94	97	(584)
Slovakia	Urban	–	45	43	(214)
	Rural	69	78	78	(264)

Our findings suggest a strange type of poverty that is combined with property ownership, as well as a unique status of people who lack access to even the most elementary items. These phenomena are particularly odd in societies where the middle class is fully formed in terms of class structure. Such findings are indeed typical of societies where the middle layers of the class structure are disintegrated and new strata are formed. Our anomalous findings should thus be seen in the proper social context, which will be the topic of the following sections.

The Reverse Impact

The real discrepancies in respondents' financial status are much bigger than the differences in professional or education stratification. The surprising, even startling, picture of social inequality emerges at the level of consumption. In terms of non-food expenditures, lower decile groups – the poorest fifty percent of all households– have the following consumption rates: 11 percent in Bulgaria, 20 percent in Hungary, 15 percent in Poland, 12 percent in Romania, 10 percent in Russia, and 17 percent in Slovakia. Accordingly, the lowest two decile groups – the very poorest – consume up to 2 percent of all non-food expenditures in Bulgaria, Poland, Romania, and Russia, 3.6 percent in Slovakia, and 5 percent in Hungary. On the other hand, the wealthiest 20 percent account for 63 percent of all non-food expenditures in Bulgaria, 60 percent in Romania, and 64 percent in Russia. Thus, the rich are richer in poorer countries. In Central Europe the discrepancy is weaker: in Slovakia the richest 20 percent consume 50 percent, in Hungary 25 percent account for 53 percent of those expenditures, whereas in Poland 23 percent account for 58 percent of the all non-food expenditures.

Inequalities become even more apparent when various types of expenses are considered independently. In Bulgaria, 10 percent of the households incur 73 percent of all their expenses on clothes and shoes. Russia comes close to that proportion as

well. Slovakia, on the other hand, is at the other end of the spectrum. Transportation causes sharp social distinctions that are nearly the same in all countries. Ten percent of Russians incur 57 percent of their expenses on transport. Hungary is the other extreme with 48 percent. Another typical indicator is the level of spending on the purchase of books and newspapers. Eleven percent of Bulgarians, 14 percent of Hungarians, 12 percent of Poles, 7 percent of Romanians, and 8 percent of Russians incur more than half of their expenses to meet such needs.

A sharp decline in consumption can lead to the disappearance of status distinctions as measured through various social indicators. The lack of money for repairs, for instance, changes the status of ownership. The deficit of money for transport restricts movement, meaning that the status of mobility is lost. In the transition towards a market economy the financial resources of a household become a major prerequisite not only for maintaining a distinct status – be it educational, cultural, etc. – but for attaining such status as well (Raychev et al. 2000). Inequality of consumption is, in fact, part of the emerging processes of social stratification. On the one hand, we find out that stratification differentiates income. On the other hand – and much, perhaps, more importantly – income inequality, regardless of one's affiliation with any particular status group, provides the new generation with completely new career opportunities. (See *Table 6.*)

Table 6. Inequality of expenditure on children and education

Country	Household Percentage	Income Percentage
Bulgaria	9	88
Hungary	10	78
Poland	10	75
Romania	9	86
Russia	9	91
Slovakia	12	76

Somewhat ironically, Russia – the country where leveling had reached its highest degree under state socialism – is now on its way to becoming the leader in terms of inequality. Our findings also suggest possibilities of unequal investment in younger generations across countries. Children from poorer households have fewer chances to receive a quality education, for example. This trend is most apparent in those countries with poor macro-economic conditions, as well as among marginalized ethnic groups. It must be emphasized, however, that the problem is by no means merely an ethnic problem. Societies in market transition can guarantee neither that individuals can attain high levels of education, nor high social status. This trend will be intensified in the near future, at least in Southeast Europe, with the elimination of free education and the rising prices of textbooks and other training aids.

Even more importantly, however, is the fact that in order to reach the highest social strata – those of managers and professionals – a young person needs not only a formal degree, but also computer literacy, access to the Internet, and fluency in foreign languages. It is in the *quality* of education where the significance of

educational expenses emerges. The financial capacity of parents to ensure access to education in highly developed countries outside the region and to prestigious universities in their own country will determine entrance into the future social elite.

The educational level of young people in Bulgaria and Romania is most clearly dependent on the financial status of parents. In Bulgaria, 77 percent of the children born between 1970 and 1979, and 70 percent of those born between 1980 and 1984 in households experiencing serious financial problems graduated from secondary schools during the transition. The figures for households with fewer financial difficulties look substantially different: 96 percent in both counties. These findings indicate a growing distance between households due to differences in financial status. Similarly, in Romania, 87 percent of those born between 1970 and 1979, and 78 percent of those born between 1980 and 1984 in households with serious financial problems graduated from secondary schools. The relevant figures for households having only some financial problems are 97 percent and 98 percent respectively. These figures demonstrate the most blatant form of dependence; dependence on the parental family's financial status *grows pro rata* at higher levels of education.

Other areas of consumption where class stratification might be influenced expenses on healthcare and culture. Such expenses represent investments in the reproduction of the labor force and in future generations of workers. Of course, healthcare necessities depend on the health status of the individual, and vary widely among individuals. However, our findings suggest the inability of many households to provide necessary medicines and medical supplies due to insufficient financial resources. It is possible, even likely, that this trend will deepen with the development of market reforms, particularly in Southeast Europe.

Our motivating hypothesis concerned the impact of social stratification on the material status of households. Our findings thus far suggest the presence of such an impact, though not to the degree that might have been expected. The negative impact of consumption on the formation of the social structure, however, has proven to be quite important. An explanation for this phenomenon is that the current research is not focused on a stable social structure but, rather, on the process of formation of the social structure. Social stratification in transitional societies is in *status nascendi.* We find, therefore, that stratification has the "reverse" impact of consumption. Similar processes can certainly be found in developed Western countries as well, but the phenomenon there differs in depth and scope. Typically in transitional societies, systems of social stratification are being *produced,* not *reproduced.* These processes, which are especially painful in East and Southeast Europe, are accompanied by the loss of status and, moreover, by a process of *declassation.*

Summary of Findings on Social Stratification:

– There is no harmony between status, ownership, and income.
– The growing impact of class affiliation is expressed by the relationship between those three factors.
– We observe a strange form of poverty where individuals do not have enough money for food and/or clothes but own flats, fridges, and TV sets.
– We observe unusual stratification dependencies where experts and professionals

cultivate gardens and/or breed animals and produce a significant portion (sometimes over fifty percent) of their own food.
– Income inequality is substantial and exceeds inequality among social strata and among educational categories.
– Unequal access to the market plays a key part in the process of class formation.
– Unequal expenditures on education, children, culture, and healthcare are tantamount to varying investments in the future. Such differences will shape the future elite and the future underclass.
– The class–financial status relationship is a dual one.

THE SOCIO-BIOLOGICAL FACTORS

Gender

One of the main tasks our analysis is to understand whether poverty is being feminized and, if so, to describe the degree and character of women's poverty in the six countries. Our analysis offers answers to these questions.

In all countries, women generally pursue education and participate in public life on an equal footing with men. At the same time, however, women generally live longer than men, a demographic fact that leads to relatively high rates of single elderly women. Women are also more likely to stay at home and to perform much or most of the parental care of children. These social facts lead to women's financial dependence on men and to greater financial risks for women following divorce. Thus, the general problem of women in poverty is supplemented by the specific problems of widows, housewives, single mothers, and divorced women.

In general, data for all the countries reveal similar rates of gender difference in the average family income (1% in Hungary, Romania, Slovakia, and Poland, and 3% in Bulgaria; Russia is somewhat exceptional, with a difference of 6%, but the demographic situation there is rather unique). The changes in the material standard of living after 1988 are evaluated similarly. We find no significant differences between women and men in any country. The experience of poverty, as measured through specific indicators, such as including possession of a winter coat, a second pair of shoes, consumption of meat, and experiences of starvation, show only slight disadvantages for women. Women eat less meat than do men, but this is not necessarily due to higher rates of poverty. At the same stratification level, women and men in Southeast Europe report similar or equivalent assessments of changes in their standard of living since 1988. The picture is more complex in Central Europe. Differences exist in those countries which appear to advantage women in some cases and men in other cases.

Subjective evaluations are not sufficient to justify the conclusion that poverty is feminized. A quite different picture emerges if we distinguish between households based on the sex of the primary wage earner. We have assumed thus far that women and men are wage earners in all households. However, we also distinguish households based on the following categories: (a) households consisting of women only; (b)

households consisting of adult women with children below age 16; and (c) households where only the woman works. Such households are fairly prevalent, representing one-fifth of all households in Bulgaria, Hungary, Poland, Romania, and Slovakia, and one-third of all households in Russia. The picture changes substantially when we consider such households. In all countries, the worsening situation of women is obvious. Differences between women and men become apparent as well. (See *Table 7.*)

Table 7. Absolute poverty/type of household (in %)

Country	Type of HH	1 Food (-)	2 Clothes (-)	3 TV (-)	4+5 Car (-) + All (+)	1+2	N
Bulgaria	Female HH	35	55	9	1	90	197
	Male HH	23	52	20	5	75	202
	Others	24	54	18	3	78	564
Hungary	Female HH	5	43	37	15	48	208
	Male HH	6	38	39	17	44	215
	Others	3	27	41	29	30	566
Romania	Female HH	27	49	19	4	76	212
	Male HH	19	48	24	8	67	242
	Others	21	50	21	8	71	596
Poland	Female HH	10	43	38	10	53	214
	Male HH	9	37	39	15	46	292
	Others	10	31	40	19	41	503
Russia	Female HH	33	46	19	2	79	867
	Male HH	19	43	31	6	62	457
	Others	17	47	29	6	64	1188
Slovakia	Female HH	6	45	37	10	51	219
	Male HH	5	32	38	24	37	225
	Others	3	24	39	34	27	561

The declining position of female-headed households is exacerbated by fewer possibilities for women to support households through secondary activities. In no country are female-headed households more likely than other households to cultivate vegetable gardens, breed animals, or gather mushrooms and herbs. The difference varies from negligible to substantial but it is always in favor of male-headed households.[21]

Problems faced by female-headed households are related to the specific social roles to which women are assigned. The close examination of the effects of such roles on women's economic status is our third level of analysis, which seeks to identify the most vulnerable groups of women.

21 Absolute poverty indicators (measured as the lack of money to buy various goods) reveal individual differences that are generally unfavorable for women. However, it is difficult to determine whether these findings reflect gender differences in well-being or different attitudes toward household problems.

Controlling for family status, women differ substantially from men when they assess their standard of living. Divorced women are in the worst situation in all countries: their reported standard of living is worse now than it was at the age of 14 for 46 percent in Slovakia, 58 percent in Hungary, 62 percent in Russia, 63 percent in Poland, 82 percent in Romania, and 86 percent in Bulgaria. These self-assessments are certainly influenced by the psychological repercussions of the transition. Nevertheless, divorce seems to be particularly detrimental for women. Following divorce, the financial care of children falls mainly, sometimes even exclusively, on the mother.

In countries affected by widespread impoverishment, raising children is a severe financial burden that affects all households. Based on comparisons using a sixty percent median income poverty line, single mothers in Bulgaria, Romania, and Slovakia are in the worst situation. In Hungary, Poland, and Russia, the problems of other types of households with children, such as those with more than one child, are more striking. (We should not forget that ethnic minorities in Hungary and Russia frequently have many children). In all countries, however, households with children (including those headed by single mothers and others) are over-represented among the poor by a proportion of 2:1 (4:1 in Slovakia). *(See Table 8.)*

If the very existence of a single child in a household leads to serious financial problems for single mothers, such problems are only exacerbated by the presence of more than one child. *Table 11* describes how the number of children affects poverty rates as measured using the respondents' self-assessment of their standard of living.

The financial status of housewives is also of particular interest. In all countries, housewives are in a better financial position than the unemployed and retired. In Southeast Europe and Russia, self-assessments of such women are equal to those given by working people. In Central Europe, such assessments are lower due to the solid presence of women among the highest strata.[22]

We could summarize our findings as follows:

Summary of Findings on the Feminization of Poverty:

- We find elements of a feminization of poverty phenomenon in all the countries.
- We find a relatively minor significance of gender as a predictor of poverty.
- Households headed by women tend to be poorer than other households.
- Vulnerable groups of women include:
  - Single mothers
  - Women with children (especially more than two children)
  - Divorced women
  - Elderly single women in cities
  - Women belonging to ethnic minorities
- The country with lowest level of feminization is Poland.
- The country with highest level of feminization is Russia.

Overall, our data are not sufficient to confirm that a gender underclass is being formed.

22 Advantages of male over female households with respect to cultivating vegetable gardens/orchards, farmland, and farm animals are as follows: in Bulgaria +6%, 0, +7%; in Hungary +1%, +5%, +8%; in Poland +16%, +11%, +9%; in Romania +14%, +11%, +13%; in Russia +8%, +5%, +2%; and in Slovakia +1%, +7%, +3%.

Table 8. Effect of single motherhood on likelihood of falling below the relative poverty line (in %)

Country	HH Type	Below 60% of mean income	Total N
Bulgaria	Single mother with children	33	15
	Single female-headed HH	9	76
	Other HH with children	29	326
	All other HH	15	456
Hungary	Single mother with children	31	16
	Single female-headed HH	5	77
	Other HH with children	34	268
	All other HH	15	465
Poland	Single mother with children	35	26
	Single female-headed HH	5	56
	Other HH with children	39	382
	All other HH	15	392
Romania	Single mother with children	56	9
	Single female-headed HH	18)	62
	Other HH with children	35	417
	All other HH	20	482
Russia	Single mother with children	27	115
	Single female-headed HH	4	315
	Other HH with children	30	791
	All other HH	13	860
Slovakia	Single mother with children	28	18
	Single female-headed HH	3	62
	Other HH with children	24	283
	All other HH	6	377

Age

Our findings suggest a clear-cut picture of age differentiation. The good news is that members of the youngest cohorts (those below the age of thirty) in all countries are in a relatively better situation than members of older cohorts. Younger cohorts are most likely to be able to take advantage of lucrative possibilities in the emerging

market economies. Indeed, we can see this happening. At the same time, however, older cohorts are paying a high price. The bad news is a sharp decline in the standard of living for members in older age groups. In Bulgaria, Romania, and Russia this decline affects more than eighty percent of the elderly, and for one-fourth to one-third of these the decline is a matter of physical survival. In Central Europe, by contrast, poverty affects nearly half of the elderly. *(Table 9.)*

Table 9. Absolute poverty/Age (in %)

Country	AGE	1. Food (-)	2. Clothes (-)	3. TV… (-)	4. Car… (-)	5. All (+)	I (1+2)	II (3)	III (4+5)	N
Bulgaria	60 +	30	57	12	1	*	87	12	1	317
	30–59	24	55	18	4	*	79	18	4	503
	< 30	27	45	24	3	*	72	24	3	181
Hungary	60 +	3	41	44	12	1	44	44	13	292
	30–59	5	31	38	24	2	36	38	26	538
	< 30	3	23	38	33	3	26	38	36	159
Romania	60 +	27	54	15	4	-	81	15	4	299
	30–59	22	50	21	7	1	72	21	8	557
	< 30	15	41	35	7	2	56	35	9	194
Poland	60 +	10	45	35	9	1	55	35	10	218
	30–59	10	35	40	14	1	45	40	15	621
	< 30	6	22	45	25	2	28	45	27	169
Russia	60 +	31	55	13	1	*	86	13	1	826
	30–59	20	44	30	6	0.1	64	30	6	1353
	< 30	12	37	42	9	*	49	42	9	318
Slovakia	60 +	3	41	44	12	-	44	44	12	225
	30–59	6	28	37	27	2	34	37	29	589
	< 30	*	26	37	36	2	26	37	38	180
Central European countries	60 +	5	42	41	11	0.4	47	41	11	735
	30–59	7	32	38	22	2	39	38	24	1748
	< 30	3	23	40	31	2	26	40	33	508
South Eastern European countries + Russia	60 +	30	55	13	2	0.1	85	13	2	1442
	30–59	21	47	25	6	0.4	68	25	6	2413
	< 30	17	40	35	7	1	57	35	8	693

We found conflicting evidence in support of the feminization of poverty. However, we see clear evidence of poverty *ageism.* The strongest evidence of feminized poverty was found in Russia, where we observed a sharp decline in the economic situation of elderly women—also a form of ageism.

Recognizing the professional, educational, and activity bases of class membership motivates additional questions. For instance, does class affiliation change following retirement? The survey data suggest a conditional answer with two possible

alternatives. The answer depends on the level of pensions in a given country. In Central Europe, pensioners maintain their positions with the *mainstream* class hierarchy, though with some restrictions in terms of opportunities. In Eastern Europe, by contrast, pensioners are being *declassed.* The meager pensions available in Eastern Europe force individuals to fight for biological survival in terms of securing adequate healthcare, food, and heating.

Table 10. Household poverty (less than $2.15 per capita daily) depending on the number of elderly people (age 60 and above) (in %)

Country	Number of elderly people in the HH		
	0	1	2+
Bulgaria	71	82	90
Hungary	31	18	16
Poland	26	14	12
Romania	72	80	86
Russia	88	95	97
Slovakia	16	5	5

The data are astonishing. The differences between the two groups are absolute, with the elderly in the East and Southeast facing worsening financial conditions, while the elderly in Central Europe face improvements in financial conditions! Households are, of course, complex structures. However, controlling for the number of children and unemployment, the trend remains.

If the underclass is characterized by enduring misery, spatial segregation, and reproduction, we could claim that market transition has given rise to an unexpected phenomenon in at least part of the region: *an age underclass.* Not only is the impoverishment of pensioners catastrophic, it is also devoid of any future prospects for improvement. Two generations will pass away in misery. Spatial segregation is also present. In Bulgarian villages, 41 percent of residents are sixty years or older, and 62 percent of residents are fifty years or older. The 2001 census uncovered villages where hundred percent of the inhabitants were over the age of sixty. Some villages are totally isolated from the rest of the world, deprived of public transportation, regular supplies, and medical services. It is difficult to describe such villages as anything other than age-based ghettoes. In Romanian villages, 33 percent of residents are over the age of sixty, and 48 percent are over the age of fifty. Villages in Hungary are aging as well, though by all indications the living conditions in Hungarian villages are quite different.

Our findings are extremely interesting from a theoretical point of view. The increasing role of socio-economic factors emerges in an unexpected way. Aging in many societies has no clear economic consequences. On one hand, individual biological abilities and activism decay. On the other hand, along the life course an individual acquires property, reaches a certain social status, and saves money. In a stable society, such as under administrative socialism, the benefits of aging were apparent. Elderly workers earned more due to the length of their service and pensioners possessed solid savings.

During transition, this picture turns upside down. Inflation devours savings, and pensions no longer match the qualification or employment record. Aging maintains its biological drawbacks while loosing its social advantages. Transition seems to enhance the significance of age in a negative way. The relationship between social change and the socio-biological world of the individual is now lit from a different angle.

The symptoms of aging in the case of Bulgaria are discernible not only in the sociological data.[23] Our analysis of poverty reveals the unusual phenomenon of an *age underclass.*

THE ETHNIC FACTOR

The survey data provide a retrospective look at the incomplete process of ethnic homogenization, which reduced the social distance between Roma and majority populations in the post-war years. Indications of this process include the rapid growth in educational attainment, subjective evaluations of the standard of living (for instance, the majority of Roma respondents characterize their standard of living in 1988 as average or above average), and the significant self-identification as majority among the Roma.

Market transition has brought about rapid and dramatic ethnic differentiation. The standard of living distance between Roma and non-Roma is growing rapidly; just one decade after the start of transition, the differences are shocking. *(Table 11.)*

Table 11. Absolute poverty in Bulgaria, Hungary and Romania
General population sample and Roma over sample (in %)

Country	Sample	1 Food (-)	2 Clothes (-)	3 TV… (-)	4 Car … (-)	5 All (+)
Bulgaria	General	26	54	17	3	0,3
	Roma	72	25	3	0,4	-
Hungary	General	4	33	40	22	2
	Roma	20	49	25	6	0,2
Romania	General	22	50	21	6	1
	Roma	60	33	5	2	0,5

Overall, the standard of living of Roma was lower during the era of administrative socialism. As a result, any additional decline is troublesome. More importantly, however, the level of impoverishment among the Roma is more significant than among the non-Roma. We observe a drastic deterioration of material living conditions among the Roma, which approaches the biological survival threshold in the cases of Bulgaria and Romania. Overall, large groups of people do not eat enough or starve. (See *Table 12.*)

23 In 2000 in Bulgaria, less than 1% of all pensioners (34 people out of 2,375,149 pensioners) received more than 160 Lv. On the other hand, 620,196 people (26.1%) received pensions up to 46 Lv.

Table 12. Have you ever gone to bed hungry because you could not afford to buy enough food – in 1988 and in 2000? General population sample and Roma over sample (in %)

Country	Sample	Never		Once		Several times	
		1988	2000	1988	2000	1988	2000
Bulgaria	General	98	84	0,4	3	1	14
	Roma	85	30	7	8	8	63
Hungary	General	98	94	1	2	1	4
	Roma	93	80	2	4	5	16
Romania	General	95	84	1	2	4	14
	Roma	82	44	4	3	14	53

The primary explanation for the increasing impoverishment of the Roma lies in the exceptionally high unemployment rate among the Roma. The survey data suggest that 24 percent of Bulgarian Roma families contain one unemployed member, while 59 percent have two or more unemployed members. Only 17 percent of Roma households contain no unemployed members (compared to 59% in the nation-wide sample!). In Romania, the picture looks somewhat different. Only 17 percent of Roma households have one unemployed member, and 9 percent have two or more unemployed members. If we include respondents who report that they "stay at home and do nothing", the share of Roma households with one unemployed member rises to 29 percent, and to 35 percent with two or more unemployed members. In Hungary the situation for Roma appears better, but compared to the Balkan case. In Hungary, 31 percent of households have one unemployed member and 13 percent have two or more. In other words, unemployment is a burden in *only* 46 percent of all Roma families.

Opportunities in the transitional labor market for Roma are substantially curbed by relatively lower levels of education and qualifications among the Roma. In 85 percent of Bulgarian Roma households, no one has a secondary or higher level of education (compared to 23% in the nation-wide sample). In Hungary, 88 percent of Roma households contain no members with high levels of education (compared to 50% in the nation-wide sample). And in Romania, 74 percent of Roma households contain no members with high levels of education (compared to 39% in the nation-wide sample).

Before we can confirm an ethnic basis of poverty, however, we must establish the following criteria: (1) whether unemployment among the Roma is due to relatively lower levels of qualification and education or to ethnically-based attitudes; (2) whether ethnic barriers exist in the educational system; and (3) whether poverty is transmitted from one generation to the next.

The data unambiguously show that a low level of education is insufficient to explain Roma unemployment. With the same degree of education, members of the majority are able to maintain employment. (See *Table 13.*) In all the three countries with large Roma population, those Roma who self-identify as members of the ethnic majority are better off in terms of both financial and property standing than Roma who self-identify as Roma.

Table 13. Education/Activity (in%)

Country/ Education	Sample	Work	Unemployed	Retired	Maternity
Bulgaria/ Less than 4	Random	3.5	14.6	77.1	3.5
Bulgaria/ Less than 4	Ethnic	9.8	56.2	27.7	3.8
Bulgaria/ Elementary	Random	13.5	26.9	54.6	1.2
Bulgaria/ Elementary	Ethnic	18.0	62.0	9.8	9.3
Hungary/ Less than 4	Random	1.9	-	92.5	2.8
Hungary/ Less than 4	Ethnic	1.9	20.4	45.4	23.1
Hungary/ Elementary	Random	41.3	8.4	38.7	5.9
Hungary/ Elementary	Ethnic	33.2	26.0	16.4	13.5

The situation of Roma in Bulgaria is particularly dire. The majority of Roma (57%) live in "Roma neighborhoods", while others (21%) live in "neighborhoods with a predominant Roma population". The segregation in Hungary and Romania is far less extensive; equivalent figures are 11 percent and 21 percent in Hungary and 11 percent and 17 percent in Romania. In all three countries, the more isolated Roma are also the poorest. Roma neighborhoods are invariably characterized by poverty. Children grow up in such isolated poverty have fewer chances for full social integration as adults.

A generational transmission of poverty is apparent. The data suggest that poverty reduces the opportunities for Roma children to attain even low levels of education. (See *Table 14.*)

Table 14. Members of Roma households without elementary education (in %)

Country	Number	1905/29	1930/39	1940/49	1950/59	1960/69	1970/84
Bulgaria	1297	90	82	71	61	39	52
Hungary	715	65	54	37	34	18	18
Romania	802	94	74	61	37	24	34

The trend of rising levels of education for Roma typical under administrative socialism is being reversed in Romania and Bulgaria, though not in Hungary. The relative share of Roma without primary education is growing. Some Roma (15% of those born between 1970 and 1984 in Bulgaria and 11% of the same group in Romania) do not go to school at all and remain completely illiterate. For some children, the lack of a primary education is due to their role as income-earners. Our findings present a paradox. As we enter the information century with ever-increasing needs for computer literacy, rates of school dropouts and illiteracy are growing. In addition, we observe a trend in which chronic poverty is inherited, whereby parents are unable to provide their children with a good education. An illustration of this trend is provided by the increasing dependence of educational attainment on the material well-being of the family. (See *Table 15.*)

Table 15. Intergenerational transmission of education/poverty (in %)

		Education of individual					
		Not poor			Poor		
Country	Education of father	Less primary	Primary	High	Less primary	Primary	High
Bulgaria	Less primary	53	41	6	64	32	4
	Primary	8	74	18	19	66	15
Hungary	Less primary	38	57	4	46	55	-
	Primary	3	87	9	15	83	2
Romania	Less primary	41	47	12	49	48	3
	Primary	7	63	27	28	65	7

The father's unemployment and/or occasional employment affects the probability for Roma children in Bulgaria and Romania to receive an education. This is not the case in Hungary.

Summary of Findings on the Ethnic Underclass

Factors of Formation:

– Spatial segregation: Ghettos
– Declassation: Without land in villages
Out of factories in cities
– Educational segregation: School truancy
Subsidiary schools
"Gypsy schools"
– Country with highest level of ethnic underclass formation: Bulgaria
– Country with lowest level of ethnic underclass formation: Hungary[24]

The ethnic dimension of poverty illustrates a social rule of poverty: the deeper the social schisms, the less equal is the distribution of its burden. Those who previously held positions on the lowest rungs of society are currently the most affected by crisis.

CONCLUSION

The motivating assumption of our study was that the structure of poverty changes during market transition. Socio-structural factors – and class affiliation in particular – become increasingly important, while demographic factors become less important. This assumption is supported by history. Nevertheless, a dual challenge is present in Central and Eastern Europe: an objective challenge, conditioned by the uniqueness of the post-socialist transition, and a subjective challenge, conditioned by new opportunities for sociological measurement.

24 There is no direct information in the representative survey about an ethnic underclass in Hungary. According to qualitative survey data, there are separate pockets of Roma populations where an ethnic underclass is being formed.

The data have also confirmed our assumption. Our findings both specify and modify our assumption, while placing it in a wider social context.

No longer simply an individual life course phenomenon, new poverty is emerging that increasingly affects entire groups of people. Socio-biological risk factors (including age, gender, and number of children) are being transformed by the new poverty paradigm. The emerging socio-economic context reinforces the effects of such factors, particularly in certain countries. A new and unexpected phenomenon is also emerging: the formation of an age-based underclass in Southeast Europe and Russia. With the exception of Poland, all countries exhibit symptoms of feminized poverty. The number of children in a family is places a serious burden on the family budget. However, the strongest poverty risk is ethnicity. The poverty of Roma in Southeast Europe is reaching catastrophic levels, and we are currently witnessing the formation of an ethnic underclass. As in other countries, Roma in Hungary are major losers of reform, but their poverty differs in terms of its macro-economic characteristics.

From the telescope of our survey analysis, the former Eastern block countries appear as diverging galaxies. The distance between countries can be measured through the difference between biological survival and social poverty. The advantages of radical restructuring in Central Europe are clear. The problem for Southeast Europe and Russia, however, is not only that reforms were delayed. Slovakia has fallen behind as well. The nature and rate of reforms are key factors leading to long-term outcomes. It would be worth using the survey data to test the heuristic potential of propositions regarding the two models of development: capitalism without capitalists in Central Europe, and capitalists without capitalism in Russia and the Balkans (see Eyal, Szelényi and Townsley 2000).

Some of the most interesting results of the survey thus far concern the relationship between observed phenomena and impoverishment, and the emerging role of structural factors. Our findings reveal the differentia specifica of the research topic itself: we are not measuring a static situation but a process that both shapes and is shaped by the social structure. Powerful destructive processes are under way, which parallel economic liberalization and tear apart old social connections. The social status of large groups of people is being turned upside down. The former middle layers of the social strata are undergoing change. Below average income is the common denominator for many of people (in Central Europe) and for the majority (in Southeast Europe and Russia). We forecast that poverty will be irreversible for many and will entail declassation for some. Our predictions have already become reality for ethnic minorities in Southeast Europe and for elderly people in Southeast Europe and Russia. Future dynamics of this process must be traced in future analyses.

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