

THE NATURE AND SOCIAL DETERMINANTS OF ROMA POVERTY – A CROSS-NATIONAL COMPARISON

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Abstract: This paper is based on data from the survey “Poverty, ethnicity and gender in transitional societies” carried on in 2000 in six Central and East European countries. The paper focuses on three of them (Bulgaria, Hungary, and Romania) with a significant Roma minority. The first part presents the recollection of Roma and non-Roma about their poverty experience before 1989, and the second part reviews evidence about the impact of the changes. The situation of the majority of both groups seems to have deteriorated but decrease is much stronger in case of the Roma. The third section offers an overview of cross-national and inter-ethnic differences in living standards in the year 2000. In a cross-national perspective both groups seem to fare better in Hungary than in the other two “neo-patrimonial” systems, but the difference between the Roma and the non-Roma is everywhere significant. The fourth section assesses how various new capitalist countries deal with the challenge of new poverty and under what circumstances – if ever – can one meaningfully apply the concept of the “underclass”.

Keywords: poverty, ethnicity, underclass

INTRODUCTION

This paper is based on data from the survey “Poverty, ethnicity and gender in transitional societies”. We analyze data collected in 2000 in Bulgaria, Hungary, and Romania on random samples of the adult population, which included an over sample of people who were identified by interviewers as being of Roma ethnicity.¹ We proceed in four steps. First, we present data how people, Roma and non-Roma who turned 14 before 1989 recall their experiences with poverty. In the second section we review evidence on the impact of post-communist transition on the Roma in Bulgaria, Hungary, and Romania. We compare the living conditions of the Roma in 1988 and 2000 and report whether our respondents believed that their living standard improved, remained the same, or deteriorated in those years. In the third section we offer an overview of cross-national and inter-ethnic differences in living standards in the year 2000 in the same countries. The fourth section assesses how various post-communist capitalisms deal with the challenge of new poverty and under what circumstances – if at all – can one meaningfully apply the concept of the “underclass”.

HOW THE ROMA REMEMBER SOCIALISM?

How do Roma remember socialism? Do more Roma report to have experienced poverty during socialism than “gadjos”²? We asked our respondents to think back when they were 14 years old and to recall whether at that age they had any experience with poverty. Respondents were asked four questions: whether they experienced hunger, whether they could not afford to eat enough meat, or whether they had adequate clothing (asking separate questions about adequate shoes and winter cloth). These four questions measure what we call “subjective experience of poverty”. We regard “very poor” those who report hunger, “poor” who do not report hunger, but report poverty at least in one of the other three dimensions. The rest are regarded as “non-poor”. We asked the same battery of questions for age 14, for 1988 and for the year 2000. The regression model in *Table 1* assesses the impact of various characteristics of the households of the respondent turned 14 before 1989 on the likelihood that the respondent will report experience with hunger at the age of 14.

1 For a detailed description of the survey see Introduction by Szelényi (2001).

2 Gadjo is the Romany term to describe the non-Roma. In Hungary Gypsies often call non-Roma “peasants” as well as gadjo. In this paper we use non-Roma and gadjo interchangeably.

Table 1. Probability (odd ratio) that the respondent reported to be “very poor” at age 14, if the respondent turned 14 before 1989

		Model 1 (full model)	Model 2 M1- class	Model 3 M2- feminization	Model 4 M3-ethnicity
Demography	Number of siblings	1.129***	1.163***	1.156***	1.203***
	Rural place of birth	.952	1.094	1.080	1.029
Class	Father had only elementary school education or less	1.635	—	—	—
	Mother had only elementary school education or less	2.276	—	—	—
Feminization	Respondent lived only with mother at age 14	2.815***	2.840***		
Cohort	Pre-socialism	2.961***	3.557***	—	—
	Stalinism	3.103***	3.355***	—	—
Ethnicity	Roma	2.395***	2.690***	2.714***	—
Country	Bulgaria	.940	1.023	.958	.981
	Romania	1.212	1.250	1.213	1.110
-2 Log likelihood		-1117.0884	-1269.9871	-1284.1193	-1320.0195

*significance at .05 level ** at .01 level *** at .00 level

We build our model ‘stepwise’. M1 is the full model, which includes all the independent variables; M2 is the full model - the class variables, etc. This method of model building enables us to test, for instance, whether entering ‘class’, thus independent variables, which measure the educational attainment of parents (thus moving from Model 2 to Model 1) will reduce the impact of gender and/or ethnicity or not. In fact what we can see in *Table 1*, that ‘class’ reduces the effect of race, but does not alter the impact of having lived with mother only at the age of 14, etc.

In *Table 1* single motherhood stands out as one of the best predictors of poverty at age 14. Those who lived only with their mother when they were 14 years old are almost three times more likely to report experiences with hunger at that age. The Roma are also more likely to report poverty at age 14 and the impact of Roma ethnicity on the likelihood of poverty about the same as that of single motherhood. The impact of the

number of siblings is significant, though the size of the coefficient is relatively modest. We can see a major cohort effect: those who turned 14 before 1949 (during pre-socialism) or between 1949 and 1960 (the epoch we call “Stalinism”) are over three times more likely to have been poor when they were young adults.

It is also interesting which factors do not seem to be related to the experience of poverty at age 14: we do not find any association between our “class variables”, the education of the father or of the mother and the experience of extreme poverty in early adulthood. Finally, there are no differences among the three countries either.

The received wisdom among scholars of poverty under socialism is that poverty before 1989 in the region we study was a life cycle phenomenon, it was determined by demographic rather than social structural factors. When we launched our research project we also anticipated (see Emigh, Fodor and Szelényi, 2001) that poverty would be ‘racialized’ and ‘feminized’ for the first time during post-communist transition.

Our findings are in part consistent with these hypotheses. Social class is not a predictor of poverty at age 14 while the number of siblings is. Roma ethnicity and single motherhood, however, are associated with the likelihood of people reporting experience of hunger early in their life. Thus poverty might have been racialized and feminized already before the fall of communism.

CHANGING CONDITIONS OF ROMA LIFE, 1988–2000

What has changed in Roma social conditions during 1988 and 2000, are Roma the big losers of the transition?

The received wisdom is that market transition imposed heavy social costs on the former European socialist societies. Even twelve years after the system change there are still many more losers than winners and that is true across all societies. Nevertheless, the extent of decline in living standards, the dynamics of the deterioration of general social conditions varies a great deal across societies and so far we had no systematic cross-national data what the ethnic differences were in this respect. So our aim in this section of the present paper is not simply to report the bitter complaints we hear from most people in the region, but to demonstrate that government policies are consequential and this accounts for some of the cross-country variations.

In *Table 2* we use again our ‘experience of poverty’ variable. As expected, a striking change, massive deterioration in the social conditions of the Roma (and of non-Roma as well) occurs between 1988 and 2000. In 1988 between one third - one half of the Roma respondents reported some experience of poverty. This jumps in Bulgaria well over 90% (from 40%) and even in Hungary, where Gypsies do the best it is almost 50%, up from 16%. Romania is half way between Bulgaria and Hungary: Roma poverty increased from 34% to almost 75%.

The non-Roma experienced the same trend. The largest drop in living standards appears to have happened in Bulgaria, where the proportion of ‘not poor’ non-Roma dropped from 92% in 1988 to 48% in 2000. In Romania there was a drop from 83% to 57%. Thus while life in Bulgaria is remembered to have been better in 1988 than it is

recalled in Romania, it is seen as worse in 2000. Therefore the gap between living standards during late state socialism and post-communism is larger in Bulgaria than in Romania. The reduction in the living standards of the non-Roma in Hungary is relatively modest at least in comparison with the other countries: the proportion of the non-poor is reduced from 94% in 1988 to 83% in 2000. The comparison of non-Roma and Roma figures show that the Roma report substantially more experience with poverty in 2000 than non-Roma. But they were already poorer in 1988, therefore the Roma–non-Roma gap remains by and large what it used to be.

Table 2. Effect of Roma ethnicity on experience of poverty in 1988 and 2000

Country	Year	Sample	Very poor	Poor	Not poor	Total, 100.0% N
Bulgaria	1988	Non-Roma	1.3	6.6	92.1	808
		Roma	15.0	23.6	61.4	435
	2000	Non-Roma	13.4	38.4	48.2	901
		Roma	66.7	27.3	6.0	557
Hungary	1988	Non-Roma	2.3	3.3	94.4	871
		Roma	7.4	8.6	84.0	428
	2000	Non-Roma	6.1	11.3	82.6	902
		Roma	21.4	28.1	50.5	459
Romania	1988	Non-Roma	4.8	12.7	82.5	825
		Roma	16.7	17.1	66.2	294
	2000	Non-Roma	15.5	27.5	57.0	997
		Roma	51.7	23.0	23.3	397

We also asked a more direct question from our respondents whether they believe that in the year 2000 they did better, the same or worse than in 1988.³ The Roma complain bitterly in all countries. The Roma may have been poor already in 1988, but even the earlier poor ones might have experienced market transition as deterioration.

3 A similar question was asked by Ferge (1995) in her SOCO study and she got similar results for the general population.

Table 3. Assessment of the change in the standard of living between 1988 and 2000

Country	Sample	Better now or same	A little worse off	Much worse off	Total
Bulgaria	Non-Roma	16.8	24.3	58.9	849
	Roma	11.8	13.4	74.8	488
Hungary	Non-Roma	46.4	36.3	17.3	890
	Roma	30.1	28.6	41.3	453
Romania	Non-Roma	28.6	26.8	44.6	848
	Roma	12.7	19.1	68.2	311

The results in *Table 3* show that

a) the proportion of those believing that their living conditions were much worse in 2000 than in 1988 is much higher among the Roma in all countries than among the non-Roma;

b) the cross-country differences are greater in this respect than the ethnic differences. For instance while 'only' 40% of the Hungarian Roma report that their living conditions is much worse in 2000 than it was in 1988, the same rate is almost 60% for non-Roma Bulgarians and 45% for non-Roma Romanians;

c) nevertheless the gap in Hungary between the Roma and the non-Roma in respect of reporting "much worse living conditions" is even greater than it is in Bulgaria and Romania, though almost a third of the Hungarian Roma reported that in 2000 they lived better or the same way as in 1988. This later figure shows that the Hungarian Roma are more bi-polar (some do quite well, others do very poorly) than the Roma in the other two countries.

Let us test with multivariate analysis what the determinants of the deterioration of living standards between 1988 and 2000 are (*Table 4*).

Table 4. Probability (odd ratio) that household was much worse off in 2000 than in 1988

		Model 1 (full model)	Model 2 M1-class	Model 3 M2- feminization	Model 4 M3-ethnicity
Demography	Number of children	.968	1.017	.997	1.168***
	Rural residence	.799	.911	.905	.957
Class	Head of household primary school or less	1.500***			
	Head of household unemployed or not in workforce	2.022***			
Feminization	Single mothers	1.263*	1.536*		
	Single women	1.137	1.218		
Ethnicity	Roma	1.958***	2.756***	2.735***	
Country	Hungary	.231***	.217***	.221***	.241***
-2 Log likelihood		-2170.3608	-2321.669	-2327.0371	-2403.3919

*significance at .05 level ** at .01 level *** at .00 level

The results of the model presented in *Table 4* are consistent with the descriptive statistics in *Tables 2* and *3* and are in sharp contrast with the model in *Table 1*. The Roma are indeed more likely to report increasing poverty during market transition than the gadjo, but once one checks the education of the respondents, the size of the coefficient is greatly reduced. Furthermore the process of determination in *Table 4* is a sort of ‘mirror image’ of what we have seen in *Table 1*. While among those who turned 14 prior to 1989 at the age of 14 demographic factors explained who reported poverty and education was not significant, the low level of education of the respondent together with poor labor market performance is a major predictor of declining living standards during transition.

The Roma coefficient in *Table 4* is surprisingly modest. The conditions of the Roma also deteriorated, but since the Roma were already poor during socialism, if the task is to predict deterioration of living standards after 1989, Roma ethnicity is just about as important a determinant of that process as labor market performance.

ROMA POVERTY IN MATURE POST-COMMUNISM

So far we tried to understand the social implications of the ‘transition process’. Who were the losers, who were the winners and who were made ‘superfluous’ by the transition from redistribution to market economy? By the year 2000, however, there is

some indication that the emergent systems of capitalism begin to ‘crystallize’ into structures, which may now begin to reproduce themselves. Thus arguably one begins to detect features, which are not ‘passing’ consequences of a ‘painful transition’, but which may be lasting characteristics of the emergent new capitalist systems.

In this section we proceed in two steps:

1.) First we assess the extent of poverty among the Roma on the basis of expenditure measures. This offers us an opportunity to validate the previously used, rather ‘subjective’ measures of poverty and thus to assess, how valid our claims about past experiences with poverty may have been.

2.) We analyze the social determinant of poverty among the non-Roma and Roma in the three countries.

The Roma in poverty in the year 2000

Until now we used ‘subjective’ measures of poverty and we did not define poverty lines in terms of low income, of low levels of expenditures. This was inevitable: in the first part of this paper our aim was to describe the ‘history’ of poverty, how people over their life course experienced poverty. It is difficult or impossible to ask retrospective income or expenditure questions, therefore we had little other choice but to use the kind of measures we presented earlier in this paper. In the year 2000 we used the more standard measures of poverty as well. We adopted an abridged version of the World Bank instrument to measure living standards and therefore for 2000 we can measure various poverty lines.

As customary we calculated poverty lines both in relative and absolute terms. Those with 50% or less of median expenditures are defined as being below the relative poverty line. Those whose per capita (or per equivalent adult) expenditure is \$2.15 or \$4.30 per day fall below the absolute poverty line. According to this measure we find very large cross-country and inter-ethnic differences (*Table 5*). Hungary shows much lower levels of poverty than Bulgaria and Romania. The cross-country differences are so great that they almost cancel out the inter-ethnic differences. The level of poverty of the Hungarian Roma is comparable to poverty among non-Roma Bulgarians.

The relative poverty measure (proportion of those whose expenditure is 50% or less of the median) shows little differences across countries for the non-Roma population. This measure captures better the degree of ‘inequality’ than poverty, and with this measure Hungary and Bulgaria are rather similar and strikingly different from Romania. Nevertheless, there are substantial differences between the Roma and non-Roma in the relative poverty indicator and here even the cross-country differences move in a new direction. The similarity between Bulgaria and Hungary is broken: it is ‘only’ a quarter of the Hungarian Roma whose expenditure is 50% of the median. In terms of Roma ‘relative poverty’ Bulgaria resembles more Romania, in the two countries 39% or 36% of the Roma lived in 2000 in ‘relative poverty.’ Hence ‘egalitarianism’ holds a little better in Hungary even for the Roma, but it does not hold for the Bulgarian Roma.

Let us now turn to the analysis of absolute poverty measures. Our first task is to use the World Bank measure of absolute poverty to assess how well our ‘softer’ or more

‘subjective’ indicators of absolute poverty match the World Bank indicators. Do we get the same story or do we get two different stories? We believe that the absolute poverty measures (\$2.15 and \$4.30 per capita expenditures) tell us a similar story as our ‘subjective’ absolute poverty indicator (see *Table 1*). Take the non-Roma population first and let us have a look at the column of \$4.30 expenditure level. The basic trends in *Tables 2* and *5* are rather similar. Both the non-Roma and the Roma in Hungary are substantially less poverty stricken than in the other two countries. According to *Table 2* in Bulgaria and Romania more than twice as many non-Roma reported ‘hunger’ in the year 2000 than in Hungary, the cross-country differences are similar, though are slightly larger for the Roma. In *Table 5* the story is similar, though if we measure poverty with expenditures the cross-country differences are somewhat larger.

Table 5. Poverty rates by ethnicity and by country⁴

Country		50% of median		\$2.15PPP ⁵ daily per equiv. adult	\$4.30PPP daily per equiv. adult
		Per equiv. adult	Per capita		
Bulgaria	Non-Roma	39.1	45.1	30.3	73.9
	Roma	8.7	8.1	5.8	35.8
Hungary	Non-Roma	27.6	38.4	6.0	33.7
	Roma	9.0	10.2	1.6	10.3
Romania	Non-Roma	36.3	44.0	25.3	56.6
	Roma	17.7	19.3	11.3	29.0

Let us measure the level of poverty by combining our subjective measure (reporting hunger), with \$4.30 per capita (adjusted to equivalent adults) daily expenditure. If we take the average of the two indicators in Bulgaria the proportion of the non-Roma/Roma population below the absolute poverty line is 20/70 (meaning: 20% of non-Roma and 70% of the Roma are below the poverty line in this country); in Hungary 8/30, in Romania 20/55.

Since in this paper we look primarily at the social determination of Roma poverty, we will use the \$2.15 poverty line (too large proportion of the Roma is found to be under the \$4.30 poverty line for the purposes of such an analysis). 30% of the Bulgarian, 6 % of the Hungarian, and 25 % of the Romanian Gypsies are below the \$2.15 poverty line.

4 A team of the World Bank already analysed our data (Revenga et al., 2002). We found generally a larger proportion of the population under various poverty lines than the World Bank team (Revenga et al. 2002: 13) since we just took the reported data on expenditures, while the World Bank team corrected those data with estimated value of self-provisioning. The difference between the two estimates is in the range of 10-30%.

5 In order to make results on incomes comparable across countries we converted local currencies into US dollars, by using PPP (purchasing power parity) exchange rates. We use the PPP exchange rates calculated by the World Bank and the IMF.

**Social determinants of Roma poverty, the effects of class,
gender, ethnicity and regime type**

Let us begin with some descriptive statistics on the effects on poverty of education, employment status and the number of children in the year 2000 (*Table 6*).

The data show that education helps the Roma as well; nevertheless ethnicity is a stronger predictor of poverty than education. The Roma with the same level of education are much more likely to be below the poverty line in all the countries than the non-Roma, and the non-Roma are helped more by improved education than the Roma. This is true in all countries, but it is really striking in Bulgaria, where the lack of education increases only slightly the odds of the Roma to fall below the poverty line, while it affects dramatically the non-Roma. Gaining higher levels of education is a useful tool to fight Roma poverty, but one should not believe that merely with education one could ‘solve’ the poverty problem of the Roma in this region of the world.

Employment status appears to be at least as important a predictor of poverty as education. ‘Unemployment’ is an important predictor of poverty. Nevertheless, in post-communist societies and in particular in the case of the Roma population ‘unemployment’ is as good an indicator of the economic status of the households as it is in consolidated market economies. The single most important consequence of post-communist transition was the loss of jobs and not all job losses are recorded as ‘unemployment’. Some who lost their jobs became ‘unemployed’, others took early retirement, again others, if their employment status is asked, will tell us that they are on home duties, or they are ‘doing nothing’. This is particularly true for the Roma. Many Roma have been out of job for a long time, lost their entitlement to unemployment benefits and therefore are not registered as unemployed, or even do not think about themselves as unemployed. Hence in *Table 6* Roma households where the head of the household is unemployed are only marginally more likely to be poor, than the households where the head of the household is not unemployed. But if the household head has a job, it increases the odds of the family to stay out of poverty in big ways.

Table 6. Social and demographic determinants of poverty(% of population with \$4.30 adjusted per capita daily expenditure by ethnicity and by country)

	Bulgaria		Hungary		Romania	
	Non-Roma	Roma	Non-Roma	Roma	Non-Roma	Roma
All population	35.8	73.9	10.3	33.7	29.0	56.6
Head of household has primary school education or less	55.3	75.7	13.4	40.0	46.0	68.4
Head of household employed	18.1	59.6	8.3	18.0	18.2	31.8
Head of household unemployed	52.0	76.6	22.4	47.1	47.1	64.3
3+ children in the family	40.0	73.2	8.1	48.8	60.3	69.6

The effect of the number of children is rather interesting. In Bulgaria there is not much of an impact of the number of children on the odds of becoming poor. While for gadjos three and more children slightly increase their odds to be poor, this does not hold for Gypsies. The Hungarian and Romanian data look much more like what one would expect: in both of these countries having more than three children increases the risks of poverty (more so in Romania than in Hungary). We calculated the same table with the more restrictive \$2.15 poverty line and decided not to include that *Table*, since in too many cells the 'N' was too small. Nevertheless, the effect of children at deep poverty changes substantially. Families with 3+ children are substantially over-represented among those who fall below the \$2.15 poverty line. Hence the number of children does have an impact, but only at the deepest level of poverty.

And now – after we completed our descriptive analysis – we are ready for multivariate analysis of the determinants of living standards in the three countries. We have built two separate models. The first (*Table 7*) is a regression analysis of the subjective experience of poverty, the second one (*Table 8*) regresses on the World Bank \$2.15 poverty line. The two models offer us rather different results. These differences are instructive for the measurement of poverty.

The purpose of this analysis is to test what the relative explanatory power of the demographic factors is versus class, gender and ethnicity.

Table 7. Probability (odd ratio) that respondent reported experience of poverty (hunger) in 2000

		Model 1	Model 2 M1- class	Model 3 M2- feminization	Model 4 M3- ethnicity
Demography	Number of children	1.139**	1.166***	1.101*	1.388***
	Rural residence	.589***	.798*	.806	.963
Feminization	Single mothers	1.726***	1.791***		
	Single women	1.914**	2.069***		
Class	Head of household primary school or less	2.721***			
	Head of household unemployed or out-of-labor force	3.268***			
Ethnicity	Roma	4.270***	9.900***	9.058***	
Country	Hungary	.362***	.323***	.323***	.338***
Log likelihood		-2577.2674	-2940.7938	-2972.9750	-3437.05903

*significance at .05 level ** at .01 level *** at .00 level

The most striking result in *Table 7* is that class (as measured by education), ethnicity and country are about equally important to explain who is likely to report hunger in the year 2000. Cross-country differences are about as large as inter-ethnic differences and differences among uneducated and educated respondents. Or to be a bit more specific: when the chips come down education may be after all the most important predictor of poverty measured this way. In the full model, in panel 1, those with primary school education are three times more likely to report hunger than people with higher levels of education. The Roma are four times more likely to be poor than the non-Roma and the same goes for Bulgarians and Romanians in comparison with Hungarians. It is also telling that education does a lot to reduce Roma poverty. In Model 3 – where we do not control yet for class – the Roma coefficient is quite gigantic. As we enter education in Model 2 the coefficient for Roma ethnicity is cut sharply and when we enter the absence of employment in Model 1 then the Roma coefficient is only half the size of what it was before the class variables were controlled for. Therefore education and creating employment opportunities go a long way to deal with Roma poverty. Nevertheless, it is important to note that it does not solve Roma poverty. After all the class factors that were controlled for the strength of ethnicity variable are still almost a match to the strength of the education variable. To put it differently: half of the story of Roma poverty has something to do with education and employment opportunities, the other half is unexplained in our model and some if not most of it may have to do with racial discrimination.⁶

So class and ethnicity are about equally important but what can we do with the country effect? People in Hungary, including the Roma and the gadjo, do three to four times better than Bulgarians and Romanians. In a way, it is not a big surprise, since Hungary is economically more advanced than the other two countries, hence one might attribute this difference simply to the differences in the level of economic development. *Tables 2–5* cast doubt on this however. It appears that the gap between Hungary and Bulgaria at least was much smaller in 1988 than in 2000; therefore arguably the differences in the levels of poverty are also related to the character of the emergent capitalism, which so far was rather different in these national settings. The kind of data we have is not sufficient to address the question: is the difference in regime type, which is – at least in part – responsible for the differences in the level of poverty, or can this all be attributed to other factors? Nevertheless, our data are strong enough to put the question on the agenda for future research.

Once we control for class, ethnicity and cross-country differences we still see a not negligible gender effect. Single mother households and single female households are almost twice as likely to report hunger than other households. What is even more interesting is that the size of the ethnicity coefficient actually increased, when we entered the feminization variables in Model 3 for the first time. The poverty of single motherhood appears to be a gadjo, rather than a Roma phenomenon. It is also interesting that entering the class variables hardly affects the size of the coefficients of

6 The statistical measurement of ethnic discrimination is a complex task. The ideal research design is experimental. Short of experiments one could use a “residual” measurement strategy, thus one controls for the major variables, which might affect ethnic differences and the unexplained variation is attributed to discrimination.

the feminization variables. Therefore, unlike ethnicity, gender does not seem to be working through class, but it has an independent effect on poverty.

Finally, the relative weakness of the more narrowly defined demographic variables is also the most interesting. Rural residence works the opposite way, as received wisdom would have it, it appears that rural people are only half as likely to be poor as urban people. We of course have a measure, which may underestimate rural poverty – we asked our respondents whether they went to bed hungry and one of the rare advantages of rural living is likely to be that one can at least feed oneself. The effect of the number of children is also surprisingly weak. I will take three children to match the importance of ethnicity or country differences and even that would not be sufficient to match the effects of education. While the number of children has a significant effect it is an important finding that 12 years after the fall of communism poverty certainly cannot be explained any more by the size of households, or by the number of dependent children, even if that might have been the case under state socialism.

Table 8. Determinants of absolute poverty (\$2.15 per capita daily expenditure, adjusted data) in three countries (Bulgaria, Hungary, Romania). Logit estimates, odds ratio

Variables		Model 1	Model 2 M1- class	Model 3 M2- feminization	Model 4 M3- ethnicity
Demography	Number of children	1.172***	1.239***	1.234***	1.457***
	Rural residence	2.282***	2.668***	2.646***	2.756***
Feminization	Single women	1.090	1.001		
	Single mothers	1.130	1.420		
Class	Head of household primary school or less	2.554***			
	Head of household unemployed or out-of-labor force	3.068***			
Ethnicity	Roma	1.659***	3.263***	3.265***	
Country	Hungary	.167***	.154***	.156***	.163***
Log likelihood		-1104.9469	-1310.2271	-1311.5198	-1387.4157

*significance at .05 level ** at .01 level *** at .00 level

If our dependent variable is the monetary estimate of adjusted per capita expenditure (\$2.15 PPP per day) we learn a strikingly different story. In this model education really steals the show. Those households where the head has primary school education or less are 2.5 times more likely to be below the \$2.15 poverty line than

those who have higher education. The next major determinant of poverty measured this way is the country effect; Bulgarians and Romanians are 6-7 times more likely to be poor than the Hungarian Roma and gadjo.

It is also notable how much the ethnicity variable lost from its explanatory power. If one controls for country and class, the Roma are 'only' less than twice more likely to be poor than the non-Roma. It is also interesting that rural residence works in a different way with \$2.15 per capita expenditure than it did when poverty was measured with hunger. If poverty is now described in monetary terms then rural residence is twice as likely to be poor than the urban residents (they were half as likely to be poor than urban folks when the measure was hunger).

We would be reluctant to concede defeat and declare our subjective measure of absolute poverty inferior. It is equally arguable that any monetary measure, even if it is expressed in terms of expenditures, might underestimate the poverty of the Roma and over-estimate rural people's poverty. The Roma do receive more transfers than other groups, and therefore it is not that surprising if with monetary measures it looks as if the Roma would not be that poor. The Roma are behind the gadjo in self-provisioning. It is also likely that no matter how accurate the World Bank measurement of self-provisioning tries to be, it will systematically underestimate the value of goods and services produced this way. Such underestimation of the value of self-provisioning can explain why rural people might look poorer than they actually are and why the Roma with sizeable transfer payments and little self-provisioning might look less poor than they are. Transfer incomes, such as child allowances and pensions might also explain why in *Table 9* the coefficients for single mothers and single female households are not significant.

Our descriptive statistics and multivariate models give us a quite clear picture of what the social determination of Roma poverty is under post-communist capitalism. After we control for differences in class position and country, the Roma are still 2-3 times more likely to be poor than the gadjo. Education and employment play a major role in Roma poverty, with better education and better employment opportunities about half of Roma poverty could be taken care of, the other half is so far unexplained by our analysis and some, if not most of it might be attributed to discrimination. It is a misconception, however, that the Roma are poor because they have too many children – family planning would hardly solve any of the poverty of the Gypsies. It is also important to see that the poverty of single mothers – a non-trivial component of post-communist poverty – is a gadjo phenomenon, the extended Roma family still caters for single women and mothers.

THE MAKING OF A ROMA UNDERCLASS – COMPARATIVE PERSPECTIVES

The task in the concluding section of this paper is to see whether there are differences across the three countries in terms of the nature of Roma poverty. Are the Roma excluded in the same way in Bulgaria and in Hungary, or are there competing logics of exclusion? Faced with the challenges of the changing nature of poverty under post-communism, do different types of post-communist capitalism define their new poor differently? When we formulated our hypotheses for this project we entertained the idea, that with post-communist transition a Roma underclass might be in the making. According to Julius Wilson (1987) de-industrialization led to the transformation of the African-American inner urban ghettos in the United States. The Black urban ghetto poor were the main losers of de-industrialization, economic restructuring destroyed permanently their jobs. At the same time the African-American society became also more polarized. For the first time upwardly mobile Black, the new Black middle class began to move out of the inner urban ghettos into suburbs. As a result those who were left behind were now locked into life-long poverty, were turned into an “underclass”, a class below (or to be more precise: outside) class structure. In our earlier publications on the Hungarian situation (Ladányi 2001; see for critical comments Stewart 2001, 2002; and Ladányi and Szelényi 2001) we hypothesized that an analogous change may take place with the economic restructuring of post-communism. Now we can pose these questions in a cross-national comparative framework and test it empirically. Are there post-communist conditions under which we meaningfully can claim that an underclass has been formed, while under other post-communist conditions it might not be the case?

We begin our analysis with the assumption that all post-communist societies face the challenge of a ‘new poverty’. During market transition not only the extent of poverty increased several-fold, but the nature of poverty also changed. After the collapse of state socialism people face long-term unemployment and poverty, which involves increasing segregation, permanent exclusion from the labor market, and the inheritance of poverty over several generations. These three dimensions of exclusion furthermore are likely to reinforce each other. ‘New poverty’ is new in two respects: it lasts longer than poverty did under socialism and it tends to be multidimensional. Our task now is to try to measure these three dimensions of exclusion, to assess to what extent they occur simultaneously and finally to evaluate what the cross-national differences and similarities are in this process.

Various dimensions of exclusions

We distinguish three dimensions of exclusion. The first one is *residential segregation*. In our survey we asked the interviewers to evaluate the character of the neighborhood, where the interview took place, whether that was a ‘Gypsy settlement’, a neighborhood where the majority of the population was Roma, or a neighbourhood where the majority was poor, but not Roma. In the present analysis we define any type

of segregation as residential exclusion. This measure is based on the subjective judgment of the interviewer. The level of segregation measured this way varies a great deal. In Bulgaria the Roma's residential segregation is rather high, in Hungary and Romania it is quite modest, particularly when one compares it with degrees of segregation of African-Americans in the US⁷. This is arguably in the nature of the beast, segregation – especially racial residential segregation – in Europe is far less extreme than in the United States⁸ and therefore what we call here as 'underclass' is also not identical with its American counterpart.

The second dimension is *exclusion from the labor market*. Here our measure is the presence in the household of two adults, who are 'out of the mainstream'. If there are at least two individuals in the household who are unemployed, are on home duties, respond to the survey question about employment status by saying he/she is 'doing nothing' is incarcerated, we will define that household as being 'out of the mainstream.'

The third dimension is *educational exclusion*. Those households are defined as excluded from the educational system where no member has more than a completed primary (elementary) school education. This is arguably our strongest variable. Those who do not get an education beyond primary school do not have much of a chance to get a decent job or a job at all.

Table 9. Different dimensions of exclusion

Country	Type of sample	Dimensions of exclusion		
		Residential	From labor market	Educational
Bulgaria	General population sample	32.5	19.4	14.5
	Roma over-sample	88.7	71.2	61.1
Hungary	General population sample	21.2	3.9	10.8
	Roma over-sample	54.9	29.9	27.9
Romania	General population sample	19.3	17.2	15.1
	Roma over-sample	55.2	60.3	34.0

Table 9 shows that the extent of segregation varies from the low 20% of non-Roma Romanians to 89% of the Bulgarian Roma. In general Bulgaria is the most, Romania the least segregated country, Hungary being half way between the two, but closer to Romania. In terms of exclusion from the labor market Hungary is doing best, in this

⁷ Such a comparison – given the relatively small proportion of the Roma in these countries – is not without problems. In American cities African-Americans often represent a much larger proportion of the population, thus one would expect a higher level of segregation as well.

⁸ See about this Wacquant (1993).

respect Romania is very close to Bulgaria. Hungary stands out, however, as far as the gap between the Roma and non-Roma is concerned. While in the other two countries the ethnic gap is 1:3, in Hungary it is 1:7. This even more pronounced exclusion of the Roma in comparison with the non-Roma from employment might indicate ethnic discrimination by employers in Hungary. Finally, in educational exclusion Bulgaria takes again the lead, ahead of Romania and the least such exclusion can be found in Hungary. The degree of exclusion of the non-Roma population is quite similar, but the educational exclusion of the Roma varies substantially, from the rather high 61% in Bulgaria to 31% in Hungary, Romania being very close to Hungary.

Multiple exclusions

Our next task is to evaluate to what extent is poverty under post-communist capitalism multi-dimensional and whether the combination of multiple dimensions follows one or several logics. What kind of combinations of various dimensions shall we expect to be satisfied that there are indeed various types of a 'new poverty', ranging from caste-like exclusion to underclass type of exclusion?

In *Table 10* we summarize the theoretical propositions. If the Roma group as a whole is excluded and is excluded in multiple dimension, then arguably their situation can be described as an 'under-caste.' If the Roma population is split, some Roma are not excluded at all and there are Roma with multiple exclusion, we might be satisfied that an underclass is being formed. Finally, if the Roma are typically excluded only in one (or possibly two) dimensions, but non-exclusion is rare among the Roma, we may call them a lower class.

Table 10. Various types of ethnic exclusion

	Excluded in two or three dimensions	Excluded in one dimension
The whole ethnic group is excluded	Under-caste	Lower class
Only some of the ethnic group is excluded	Under-class	Lower class

Table 11 reconfirms that the social condition of the Roma in Bulgaria is indeed strikingly different from the other two countries. Almost half of the Bulgarian Roma are excluded in all the three dimensions (while this figure is 10% in Hungary and is only 16% in Romania) and over two thirds of them are excluded in at least two dimensions. Only very few (4%) of the Bulgarian Roma are not excluded in any of the dimensions, while in Hungary over a quarter of the Roma fit this category.

We might conclude therefore that indeed the Roma in Bulgaria are excluded in a caste-like way: very few can escape exclusion at all, the chances of the Roma to join the mainstream are negligible, and the whole of Roma society is excluded as a social category. Under these circumstances the ethnic boundaries are quite clearly drawn,

various outside classifiers have little doubt as to who are Roma and those who are classified as Roma by others are likely also to self-identify as such.

The social condition of the Roma in Hungary is rather different from this. Over a quarter of the Hungarian Roma are not excluded at all, they are in or close to the mainstream of the Hungarian society. While the proportion of the non-excluded to the non-Roma population is quite similar in all three countries (Hungary, being the most affluent country of the three has for sure a higher proportion of such non-Roma people, but not substantially so) the proportion of the non-excluded Roma varies a great deal. The Hungarian Roma are more than five times more likely to escape any form of exclusion than their Bulgarian brothers and sisters. We regard this as one of the crucial indicators that an underclass is being formed. In order to see the emergence of an underclass one anticipated that the ethnic community is being split along class lines and that happens in Hungary, but it does not in Bulgaria. The other condition of course is the high volume of multiple exclusion suffered by the rest of the Roma society – and we can demonstrate this as well in the case of Hungarian Gypsies. The extent of double and triple exclusions in Hungary is rather high. With some simplification we may say that the Hungarian Roma society is sort of tri-polar, the proportion of those who are not excluded, who suffer only single exclusion, and who are exposed to multiple exclusions is rather similar. Hence the hypothesis that an underclass is being formed in Hungary receives support from our data. Approximately one third of the Hungarian Roma might be locked into an underclass situation. A third of them may be in the lower class and up to a third may have experienced at least some limited ‘bourgeoisification’ or ‘embourgeoisement’ and may be in the process of joining the mainstream and the middle class.

In this analysis Romania comes out as being between Bulgaria and Hungary. Many more Romanian Gypsies escape exclusion altogether than Bulgarians, while multiple exclusions are even more frequent in Romania than in Hungary. Hence the forces of underclass formation may be at work in Romania as well, though not quite as robustly as in Hungary. The accelerated socialist industrialization in Romania apparently dissolved the traditional Roma social organization far more extensively than it did in Bulgaria. But since the market forces did not gain quite as much room after 1989 as they did in Hungary, middle class formation among the Roma appears to be more limited than in Hungary. As a result all the three structural positions – caste, lower class and underclass – may be applicable to describe various fragments of the Romanian Gypsy society, though the majority of them is likely to be somewhere between an under-caste and a lower class. It is conceivable that within Romania there might be regional variations in this respect: moving from East to West (from Bulgaria to Hungary) the structural position of the Roma might gradually change from under-caste to lower class.

Table 11. Multiple exclusions

Country	Sample	Excluded in			
		Three	Two	One	None
		Dimensions			
Bulgaria	General population sample	3.9	12.1	30.7	53.3
	Roma over-sample	44.6	36.1	15.5	3.8
Hungary	General population sample	0.5	6.2	24.5	68.7
	Roma over-sample	10.3	29.7	33.6	26.5
Romania	General population sample	0.6	8.3	33.4	57.7
	Roma over-sample	16.3	33.0	34.9	15.8

How important is ethnicity in marking extreme poverty? In *Table 12* we assess what proportion of multiple exclusion is ethnically marked. Given the caste-like separation of almost all the Roma from the rest of the society in Bulgaria understandably almost half of those exposed to multiple exclusion are Gypsies, therefore the ethnic marking of poverty is significant when the ethnic minority is locked into an under-caste situation.

Ethnic marking is also important in Hungary – in this country according to our estimation the relative size of the Roma population is just half of that in Bulgaria, nevertheless in Hungary still a quarter of those excluded in multiple ways are Gypsies.

In Romania the Roma who constitute almost 6% of the adult population, represent only 10% of those with multiple exclusions. This contrasts with Hungary, where the Roma are about 5% of the adult population, but constitute a quarter of those with double and triple exclusions.

Table 12. Size of Roma population and share of Roma within the double and triple excluded

	% of Roma in the general adult population ⁹	% of Roma among the double and triple excluded
Bulgaria	10.9	45.7
Hungary	5.0	24.7
Romania	5.6	10.5

There is a weak ethnic marking of the very poor in Romania: 90 per cent of them are Romanians or Hungarians; therefore they indeed constitute the lowest class in society. In Hungary a quarter of the very poor are Roma; hence the boundary between who is Roma and who is very poor gets blurred. The non-Roma very poor often live in neighborhoods with a substantial number of Roma, may even intermarry among each other. It becomes therefore unclear whether a person is just very poor or whether that person is Roma.

As a result in Hungary the emergent underclass is marked by ethnicity, but it is not an ethnic category. Under 10 per cent of the Hungarian population belongs to the no-hopers, but enough of them (one quarter of them) are Roma, so the ethnic labeling or racialization of poverty becomes possible.

Let us summarize. In Bulgaria the Roma are excluded as a category and therefore they are locked into the conditions of an under-caste. In Hungary a minority, nevertheless a substantially large proportion of the Roma managed to take advantage of the emerging market forces. They escaped exclusions and they are joining the middle class, while the bottom third of the Roma population is even worse off, it is locked into an ethnically mixed, but nevertheless ethnically marked underclass. In Romania the destruction of the traditional Roma community progressed further than in Bulgaria. The caste-like separation of the Roma was substantially weakened, but given the weaker development of the Roma middle class than in Hungary, the Roma are more likely to be in an ethnically not especially marked lower class with other ethnic groups of the Romanian society.

CONCLUSIONS

We estimate that the Roma as defined by interviewers constitute somewhere between 6 and 12 per cent of the population of the three countries. The proportion of those respondents who experienced poverty jumped from 1988 to 2000. This is true for all the three countries and true for the non-Roma and Roma as well. Nevertheless, pauperization is more extensive in Bulgaria and Romania, than in Hungary both for the Roma and non-Roma.

9 This has been calculated from the screening interviews; therefore the Roma here means those who are classified as such by the interviewer, who does not know what the self-identification of the respondent is.

The Roma were hit particularly hard in Bulgaria, in this respect Romania is half way between Bulgaria and Hungary, where the increase of the population in extreme poverty was the most modest. So we see a dual trend: for Bulgarians and Romanians the deterioration in living conditions is much faster than for Hungarians. In all these countries the conditions of the Roma in 2000 were worse than the conditions of the gadjo, but since the Roma tended to be poor already in 1988, the gap between the Roma and the gadjo did not increase. In Bulgaria we see a greater shift towards poverty among the non-Roma than among Gypsies.

In year 2000 we found that cross-country differences in poverty were almost as large as inter-ethnic differences. The extent of poverty of the Hungarian Roma is comparable for instance to those of the non-Roma in Bulgaria and Romania, but in all these countries the Roma are 2-5 times poorer than the non-Roma. The reasons for Roma poverty can be attributed to their lower educational attainment and to their difficulties in obtaining employment. Our main finding is that offering equal educational opportunity to the Roma alone – while a desirable goal and would improve considerably the conditions of the Roma – will hardly solve the poverty of the Roma in this region. Equal educational opportunity has to be complemented with employment strategy, which places the Roma in jobs and overcomes the prejudices of employers. The Roma are unlikely to find jobs what the similarly educated non-Roma can find.

Are there differences among the three countries we studied in the year 2000 in terms of the 'quality' of Roma exclusion? We present evidence suggesting that the exclusion of the Roma in Bulgaria is 'caste-like', while in Hungary the Roma society is fragmented by class, some Roma are joining the middle class, while others, together with some non-Roma poor are locked into the position of an emergent underclass. Romania is somewhere half way between Bulgaria and Hungary in this respect. The Romanian Gypsies seem to be on their way from an underclass position, similar to those occupied by the Bulgarian Roma, and whether they would become a lower class or they would join the underclass of post-communism remains an open question.

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