

## FROM OPINION POLLS TO SCIENCE

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Tóth István György: *Jövedelemeloszlás. A gazdasági rendszerváltástól az uniós csatlakozásig.* [Income Distribution. From Economical System Change to Accession to the European Union.] Budapest: Századvég Kiadó–Andorka Rudolf Társadalomtudományi Társaság, 2005.

How many people subsist below the poverty line today in Hungary? How many suffer from alcoholism? How many are single? What percentage of all households is connected to the internet? What is the Gini indicator? Does the “average Hungarian” watch three or four hours of television a day? Has the EU accession led to an increase in migration potential? Is it firm A or firm B that got the latest unemployment figures right?

Empirical social science subsists on the production of social statistics, i.e. the replies to given queries posing the “how many” and other similar questions. A significant segment of social science researchers work as “data providers” today in Hungary – in other words, they deliver data from specific segments of the population that the public and those financing the surveys regard as useful, essential and accept as objective. The whole situation becomes a bit more iffy when a number of surveys conducted on the same topic independently of each other produce results so vastly different that even lay people start to take notice. The most obvious example of this is the widely different results produced by political opinion polls, but there are a number of similarly problematic areas, such as poverty, income statistics or internet penetration.

This system of “manufacturing objective data” is not in and of itself faulty – and works in much the same way in most other countries. This system, however, is not a guarantee but only a precondition for empirical sociology to successfully function as a science. (A precondition for this is the system that provides analysts with databases – which happen to be rather costly to produce – and these databases constitute the basis of all analyses.) There are further conditions that data production-based empirical sociology needs to fulfill in order to reach a truly scientific status.

One such condition is the production of real, state-of-the-art interpretations and analyses of the requisite quantity and quality based on the bare-bones data provisions. These analyses need to put forward and test theories that are based on previously articulated theoretical knowledge. They need to go beyond being merely well-grounded in theory and they also need, in the data processing method applied, to go beyond simple descriptions of cross-sectional situations and must look at

underlying causes and processes. They need to sincerely examine the effects of the methodological decisions and researchers must at least be mindful what error range is implied by the sample taking methods and what potential effect could have been observed if question B had been asked instead of question A.

This meandering and idiosyncratic introduction was necessary in order to present the framework in which György István Tóth's latest book *Income Distribution (Jövedelemelosztás, 2005)* published in the "pinstripe books" series of Századvég Publishers and the Rudolf Andorka Society for Social Sciences, must be viewed and understood.

For György István Tóth, as Director of TÁRKI, one of the leading domestic "data factories," is really one of the major "data providers" to Hungarian sociology, at least in the public's eye. The author, however, has attempted in this book to transcend this role of his and to produce true science from that enviable mountain of quality data at his disposal.

The topic at hand – income inequalities, their changes, causes and consequences – is actually one of the few sociological issues that the wider public maintains an interest in. Moreover, other institutions also provide data in the field of income inequalities and those published by the main competitor Hungarian Central Statistical Office (HCSO) seem to have not even the slightest resemblance to those used by TÁRKI.

In the subsequent pages, I will try to determine (a) how much the author succeeded in going beyond mere data provision and managed to sketch out underlying causes (i.e. why the issue under examination is relevant for society?), (b) how much the author managed to go beyond mere description of results, using different methods of analysis (i.e. what are the causes of the phenomena? What are the directions of change?), and, finally, (c) how much the author has emphasized the significance of the methods employed for the eventual results?

### A) THEORETICAL APPROACH

The first hundred pages in the book bear the title "Theories and Proposals." An impressive length for the topic, but the title is somewhat misleading as the section also contains off-topic material such as the presentation of certain indicators of income inequalities and so on.

This theoretical section makes it obvious that the book positions itself somewhere in the border regions between economy, (social) statistics and sociology. It is apparent that the author has not been seduced by the desire to descend, apropos of the issue of income inequalities, to the depths of the classical issues of sociology – i.e. whether inequalities are necessary and organic elements of the social structure (structuralist-functionalist paradigm), or whether they are fundamentally a result of some sort of exploitation and expropriation (conflict theory). The author, presenting these two paradigms in two longish paragraphs, expresses his doubts whether these theories can be made "operational" – in other words, whether they are at all helpful for the empirical researcher.

The mid-level theories of income distribution (the theory of human capital, etc.) are presented in a similarly hasty and superficial fashion before we come to an unexpected turn: a strange digression on the liberal re-thinker of political philosophy, John Rawls (without devoting space to more “sociology-like” approaches that disagree with the notions of Rawls.) In the chapter entitled “Assessing Income Differences” the author relies so heavily and faithfully on his own papers published in the early 90s, that he discusses the notions Hungarians form about “just” and “unjust” inequalities, based on data collected before the change of the political regime (p. 37). This is all the more mystifying since 200 pages later, in the undoubtedly interesting Afterword, he unexpectedly returns to the issue of the popular assessments of income inequalities, but here he cites significantly more recent data. The reader cannot help but suspect some sort of editorial mishap – fortunately, in other parts of the book, the author shows significantly less preference for citing his own works and the entire book ultimately manages to follow a logical structure.

Even though the author displays some aversion to the great issues and theories of sociology when laying down the theoretical foundations, still, the work is not bereft of approaches derived from sociological theories. Certain theories pop up in conjunction with specific analyses and there are theoretical references to the notion of human capital or the concept of reference groups. Those passages where the author uses theories of economy and sociology to explain certain phenomena and not only presents, but conflicts and coordinates them in order to illuminate his point, are of especial interest. For instance, when trying to explain why people perceive inequalities as being greater than they are in reality, he cites, among others, Merton’s theory of reference groups as well as the economists’ theory of relative income.

In spite of all of this, the opportunities offered by the greater and lesser theories of sociology go begging, despite their obvious value to an empirical work concerned with income inequalities.<sup>1</sup>

## B) METHODS OF ANALYSIS

The examination of the applied analytical methods presents an inarguably positive picture. The 120-page-long second part, constituting the backbone of the book, entitled “Data and Interpretation,” is a skillful and elegant presentation of a mountain of data, followed by an equally skillful assessment and analysis. The first two chapters of the second part (chapters 4 and 5) are concerned with description while analysis dominates the subsequent three chapters and the Afterword.

The descriptive parts are greatly enhanced by the broad perspective of the data used. Sociological analysis usually looks inside a country only, within its borders, and rarely goes back to data “older” than 10 years. However, the income inequalities of the 1990s are presented in a radically different light when the chronology goes back to

1 For the economist’s view, see the review by György Molnár in *Közgazdasági Szemle*, July-August 2005: 785–789.

1960 (p. 151) or when other, even non-European countries are included in the comparisons (p. 155).

The analysis discusses the impact of social policy on income inequalities, the factors that determine income inequalities and its positions social groups within the system of inequalities.

The analysis also manages to clearly articulate and prove certain statements that present fundamental information which should by now be widely accepted (whereas they are not, neither publicly, nor within scientific circles). There are three such statements worth pointing out:

a) In international comparison, Hungarian income inequalities are not outstanding only, but are significantly lower than the levels characterizing countries at the same stage of development.

b) Measures of social policy became better targeted and focused in the 1990s.

c) The poverty risk of the elderly population is below the national average.

Strange as this may sound, but we must state and restate, present and prove these time and again, to combat the notion of “inequalities out of control” which is increasingly widely entertained by the public and which portrays a social policy benefiting the well-to-do and a pensioner class sinking further into poverty. This part of the book, just like its chapter on methodology, can be well used in the classroom as well.

Furthermore, in the analytical part, we encounter not only the previously widely published abovementioned results, but also find confirmation of earlier but novel findings as well, based on the author’s own calculations. Some such findings have to do with the issue of the post-transition reconfiguration of age-income profiles or the results of logistical regression models that present the factors which determine the process and the reasons why people fall into poverty.

Thirdly, the author arrives at a number of novel findings in the analytical part of the book, primarily in chapter 7, when he presents the factors which influence and affect income inequalities. The restructuring of vertical social inequalities is an essential concern of sociology indeed, as it determines the questions to be posed both in structural and mobility researches. The relevant chapter of the book attempts to provide an answer to this fundamental question, since the inequality factors that play an increasingly significant role in creating income inequalities should necessarily be given a more emphatic part in determining social structures. According to the findings of the author, after the first phase of the political transition (1987–1992) when growing inequalities were primarily due to the polarization of households on the labor market, in the next phase (1992–1996), the “continually and significantly growing inequalities were mostly due to the growing inequalities in education levels.” (p. 204) Furthermore, in the entirety of the period 1987–2003, among all the factors explaining inequalities, it was the explanatory power of the education level of the head of the household that had grown most. Naturally, the growing weight of education is strongly connected with the household head’s age group – income differentiation was especially noticeable in families with a young head of household (by education) and in families with a university/college-educated head of household (by age group).

The author traces the growing significance of education back to three factors: (a) many relatively overpaid jobs requiring low levels of education have been eliminated, (b) “the boundaries, artificially erected in the era of state socialism, which trivialized intellectual work and put a premium on menial labor, came crashing down between those who managed to remain in the labor market.” (p. 194) (c) Thirdly, there was a growing demand for certain jobs requiring high qualifications.

Simultaneously with the income inequalities growing across the society, income inequalities within certain social groups generally also showed increase. Generally, but not always. If the head of the household had primary education, was over 60 or if s/he was a pensioner, there were no intra-group inequalities – if s/he was inactive, was raising three or more children or was of Romany ethnicity, the inequalities actually decreased. In other words, in the case of the former groups, we can speak of relative homogenization while in the case of the latter, absolute homogenization. Of course it is important to know at what level this homogenization took place relative to the national average. While the homogenization of the uneducated, the multi-children parents and the Romany took place simultaneously with the degeneration of their income status, the relative situation of the inactives and pensioners had actually improved between 1987 and 2003.

The author in this analytical part has managed to go beyond simple descriptions, illuminated complicated correlations and convincingly proved fundamental statements which should already be accepted facts.

### **C) METHODOLOGICAL CORRECTITUDE**

Finally, the book should be reviewed from the aspect of methodological correctitude and thoroughness. The author gives a detailed treatment – both in chapter 2 and in a 20-page appendix – of the consequences of the methodological decisions made in the course of his research. He provides detailed information on sampling and non-sampling errors besetting his data, on the effects of equivalence scales (both in person-based or household-based approaches) and the consequences of employing different inequality indicators.

This methodological part is of special significance for a number of reasons. In what is unfortunately a rare occurrence in Hungary, the author adequately demonstrates why readers should always be confronted with the understanding to what a great extent methodological decisions influence the results. For instance, depending on how we determine the equivalence scale, the inequality-order of Hungary, Poland, Slovakia and the Czech Republic will be different – and the same goes for the poverty risks of the different types of households. The choice of income inequality indicators may determine whether we measure increasing or decreasing inequalities in a given period – moreover, in a majority of cases this “increase” or “decrease” is within the margin of error.

It is especially worth noting that the author not only sheds light on the consequences of methodological decisions but also focuses on the issue of “normative statistics,” i.e. the ideological factors determining of these decisions. Paradoxically, it is the consequences of the above-mentioned apparently technical differences of

methodological decisions that best illustrate the author's warning that "we must face the fact that in the case of assessments regarding the welfare of society, the positive aspects of the analysis are hopelessly entangled with normative statements, almost by definition. This entanglement of prescription and description can even be observed in statistics. That is why we would do well ... to make obvious the normative constraints of positive analyses." (p. 39)

But it is this point that marks the boundary of the reconciliation of the two roles – that of the data provider and that of the researcher. While one must (or should) face and realize these normative constraints not only when engaged in theory but also when carrying out empirical work in sociology, as far as "data providers" are concerned, it is in their best interest to conceal these limitations from those "users" and "commissioners" who are outside the circles of social science which value objective data untainted by ideology. Without going any deeper into this contradiction, we can conclude by saying that by and large, the author has successfully met the criteria one demands of a serious scientific publication. The book is a success in many ways and may be welcome by researchers and students alike.