

PROJECT FINDINGS IN COMPARATIVE PERSPECTIVE

The paragraph is composed of two parts:

1. The first provides comparisons between countries and aims to answer two questions:
 - Whether the socio-economic-cultural context (structural and cultural factors) may 'produce' the risk of the intergenerational transmission of inequalities in given countries?
 - How top level political and social actors, who may contribute to policy-making at the national level, conceptualise IlofI and its 'producers'?
2. The second provides comparisons between towns in the study and aims to answer the following questions:
 - How local stakeholders (operating in medium-sized towns) perceive the IlofI, its incidence and possibilities for overcoming IlofI offered by programmes, measures and action undertaken in a given town?
 - How young adults living in towns in the study perceive the impact of different structures (family, school, work, etc.) and policies (education, labour market, welfare) on their social mobility up until now?

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SOCIO-ECONOMIC CONTEXT AS A RISK FACTOR FOR IIOFI (COMPARISONS AT NATIONAL LEVEL)

As mentioned above, the project was conducted in eight EU member states, representing different socio-economic, political and cultural environments. It was a deliberative decision to select Western and Eastern countries and among each group those which are different in some respects. For Western countries the selection criterion was the type of social welfare regime. There is a large body of literature [i.e. Esping-Andersen 1990, 1996, 1999; Leibfried 1992] presenting

main features of social welfare regimes. As noticed by Muffels and Tsakoglou [2002] the notion of a 'welfare regime' is useful for distinguishing countries "...according to the way they have embraced a particular interpretation of the social welfare objectives... Social welfare might mean the sum of individual welfare, the concept of classical utilitarianism still underlying mainstream economics and notably embraced by liberal regimes. Social welfare can also entail social stability of a social order that ensures a decent living standard for the vast majority, as it is prioritised in the conservative or corporatist regime. It can also mean basic security for all citizens, seen as individuals, or for families, seen as a basic unit of society, as it is conceived in the Anglo-Saxon or social-democratic welfare states [p.8].

Social welfare regimes differ as regards to the role of the State and Market (the level of de-commodification) in attaining welfare goals and to that who (citizen him/herself, family, community/state) carries the main responsibility for satisfactory covering in a case of social risks. Combining all mentioned dimensions Muffels and Tsakoglou have stylized the location of welfare regimes within the welfare triangle (income, employment and social participation) as shown in Figure 1.

In the PROFIT project the United Kingdom represents the Anglo-Saxon social welfare regime, Germany – the Corporatist, Finland – the Social-Democratic and Italy – the Southern Regime.

What concerns post-socialist countries involved in the study, the most important selection criterion was the degree of independence at times of state socialism. Estonia and Lithuania were parts of Soviet Union while Bulgaria and Poland constituted separate national states with relatively more independent central government and administration. However, all of them were previously sharing the State Socialism features, like:

- ideological avoidance and denial of poverty as structural concern for social policy,
- near universal employment at low pay accompanied by work based welfare systems, which, together with
- subsidized prices and services, largely prevented income poverty.
- Perception of poverty by policy makers as social pathology and highly stigmatised services to cater for them.

During transition period, living standard in post-socialist countries decreased substantially and poverty widespread in a consequence of necessity to adjust to requirements of free market and international financial institutions like International Monetary Fund and World Bank (cutting social expenditures, privatisation).

The policy responded by combination of contributory, categorical and safety net income maintenance programmes. All Central and Eastern European countries were faced with many similar challenges with regard to their social protection schemes, like:

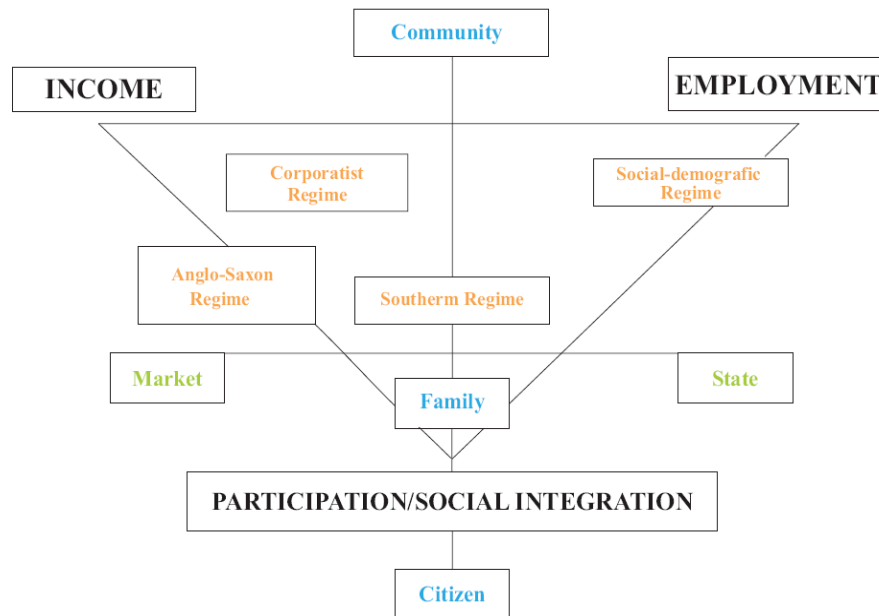
- partial privatization of health care and old-age pensions
- the development of a basic social safety net to supplement labour-centred social security
- separation of the social insurance budget from the general state budget.

Differences between these countries largely reflect the design and sequencing of policy response alongside their underlying demographic and macro-economic profiles. *The nature of the social welfare reforms in the transition economies and their aim of shifting policies towards a social-insurance-based protection system, make it clear that the transition economies' systems resemble the 'continental', 'Central European' or 'Bismarck' model of social protection* [Pellny, Horstmann 2003: 250]. There are also substantial differences between 'continental' model and developments of social welfare regimes in post-socialist countries like:

- increasing private funding of old-age-pensions, and
- weakness of 'social dialog'.

Therefore, *The overall conclusion to be drawn from an examination of the characteristics of Central and Eastern European welfare systems must be that they are to a large extent 'insurance-based' and contribution-financed and in this respect resemble the "central European" "continental" Bismarck model – which is no surprise from a geographical perspective. At the same time, these countries' welfare systems clearly include elements of the Anglo-Saxon model. The latter might be explained in terms of an explicit political objective, to partially privatize the social protection system without in general neglecting social insurance traditions and retaining a clear commitment to the largely state-dominated social protection system* [Pellny, Horstmann 2003: 252].

FIGURE 1. The location of welfare regimes within the welfare triangle



Source: Muffels, Tsakloglou [2002: 9]

Thus, the countries in the study differ in many respects: population, economic standing, social welfare regime, and as its consequence the patterns of poverty and social problems' composition, social structure, division of responsibility between central and local government. These factors constitute the structural framework within which the intergenerational transmission of inequalities proceeds.

Structural and cultural factors (conceptualised as top actors views on Ilofl) factors acting in each country as 'mediating variables' in the process of intergenerational factors inheritance of inequalities are the result of a unique history and culture of a given society.

It is assumed that because of these differences, a risk of Ilofl will differ between countries as will its 'producers'/determinants. But for some of them similar structural and cultural patterns may be revealed.

STRUCTURAL FACTORS AFFECTING THE RISK OF HOFI¹

Social structure composition

To gain a better understanding about the process of inequality inheritance it is useful to think about changes in social structure as a factor contributing to the risk of poverty and to the possibility of upward mobility.

Though in all countries in the study, except Italy, the national research teams reported some changes in social structure in recent decades, it is only post-socialist countries that have undergone a fundamental qualitative alteration in their composition.

In Finland the reason for the transformation of the social structure is advancement in the transition to a knowledge-based society. As stated by Harri Melin and Paivi Naumanen [2005: 8] in their PROFIT report: *During the last 20 years most important change has been the growth of the middle class. In occupational terms this means the increasing number of different managerial groups and experts. At the same time the share of the working class has declined...The decline of unskilled workers is quite big too... The social structure in Finland today is far less flexible than it was in the late 1960s. There is considerably less mobility between the generations. As a result of the economic recession in the early 1990s, career mobility is also fairly limited. People remain in the same positions for much longer than before, holding on to what they have: for most wage earners there is simply nowhere to go in terms of more attractive options. Thus, the demand in the labour market is narrowly focused on a specific segment. Informational work is very distinctly a middle-class phenomenon. It requires extensive education and a wide range of cultural skills, both of which are typically middle-class assets.*

In the United Kingdom increasing employment and lower unemployment due in part to the New Deal policy, applied by Blair's government, has increased the number of workers, notably in the service sector, and in Germany as a result of the "Hartz reforms" a deterioration of the social situation of the unemployed and changes in class relations is predicted. According to Dieter Eissel [2005: 55] PROFIT report: *Currently the "so-called Hartz-reforms" – called after the head of a commission concerning the future labour agenda – from the beginning of the year 2005 will lead to another harsh cut in the income position of jobless people. In the end this downward process shifting from the Bismarckian system of social security to the British system of workfare will produce another half*

¹ The earlier version of this paragraph has been published in: Gerov N. (ed) (2007) Comparative Research in the Social Sciences Paris-Sofia: ISSC, REGLO.

a million more children (or plus 50%) living under the poverty line [see reports of Paritaetischer Wohlfahrtsverband Deutschland].

The social structure in all post-socialist countries in the study is in a process of re-crystallization because of system transformation and accelerating technological changes. System transformation is a reason of:

- avoidance of political determinants of social structure, operating in state-socialism
- creation of newly implemented regulations and opportunities of a political and economic provenance
- existence of “alternative” informal channels of social mobility provided by the ‘grey economy’ and criminal activity.

Political determinants of social structure composition having operated in state socialism were manifold:

Firstly, it was a specific division of labour among countries belonging to the Council of Mutual Economic Assistance (Rada Wzajemnej Pomocy Gospodarczej) resulting in imbalanced developing of various industries in particular countries. (For example, Poland was required to develop heavy industry and Bulgaria agricultural production and informatics sector.) It translated into disproportionate employment in particular industrial sectors and branches in a given country or even in the development of industry in countries and places where there were no economic reasons for this. As stated by one Estonian PROFIT researcher... *the industry of the former Soviet Union... has produced products not for Estonia, from the raw materials of non-Estonian origin by the hands of workers emigrated from the other regions of the Soviet Union* [Kutsar, Trumm, Kasearu 2005: 12].

It is very likely that in each post-socialist country examples of political reasons for locating industrial plants in a given region or town could be given. In Poland, for example, a huge steel industry (Nowa Huta) was located close to Cracow with the purpose of increasing the share of industrial workers in the city population with the intention of ‘improving’ the social structure composition in the region defined as opposing the socialist regime.

Secondly, different political clout was attached to particular segments of the social structure. The system symbolically privileged workers. Working class and especially workers in large industrial plants were considered the most important part of society – the leading force of socialist society. *Concomitant with the socialist ideology of dictatorship of the proletariat, the socialist redistribution policy intentionally favoured the main constituents of the socialistic regime: the working class* - states [Wang 2002:27], commenting on the distorted relationship between education and income in Poland before system transformation.

Thirdly, political criteria, like party membership, were supportive of locating people in the social structure. There was a set of managerial positions which required candidates to be accepted by respective units of the communist party. It was known as the *nomenclatura* system, *being a structural implementation of directive-distributive management at both the national and the regional level... In the everyday functioning of state socialism, nomenclatura was a structural arrangement through which the communist party ensured that 'appropriate' people would be placed in important positions and that they then carried out the party directives efficiently and effectively. The nomenclatura was a quasi-class [Słomczyński 2002:15]. "The membership of the Communist party enhanced career prospects significantly. For this reason, many career-orientated people were party members without any ideological commitment"* claims Kairi Kasearu [2005: 12-13] on the basis of the publication by Titma, Tooding & Tuma [Titma, Tooding, Tuma 2004:72-99].

The collapse of the socialist system contributed to the avoidance of the above-mentioned political determinants of social structure composition. Bulgaria, Estonia, Lithuania and Poland were affected by its demise, albeit not in the same way and to the same extent. In all of these countries the *nomenclatura* system and – in consequence – the *nomenclatura* class equipped with political power disappeared.

The break-up of economic relations within the countries belonging earlier to the Council of Mutual Economic Assistance, low competitiveness of products, and lack of experience to operate within a globalized market contributed to recession in particular countries, bankruptcies of large industrial and agricultural plants and in consequence to changes in the quantitative and proportional share of employees, and – particular – industrial workers in the social structure. In each country mass unemployment has been produced, and in some, like Poland, the unemployed constitute a large stable segment of the social structure whose size is weakly affected by economic growth. At the same time, the working class lost its position as the 'leading force' in society. As David Ost [Ost 2005:20] states: *...by breaking with communism's privileging of political capital and linking advancement to possession of cultural and economic capital, which workers lacked, post communism inexorably brought about this dramatic decline in the standing of labour.*

Chunlei Wang [Wang 2002:71] comments: *The working class as a whole experienced downward structural mobility. Losing support from the former socialist government, the fates of workers are subject to the manipulation of the unpredictable "invisible hand" of the market.*

Since whole branches and localities failed to adjust to market rules, not only unskilled workers but also highly educated specialists lost their previous social status. Bulgarian PROFIT researchers report, using data from Ivan Szelenyi's book [Szelenyi 2002:21]: *In 2002 about 55 per cent of the people with high education confirmed that they did not have enough money for new clothes. The percentage of Bulgarians with secondary education is almost the same – 59 per cent.* It made scientists think about social structure as being horizontally rather than vertically arranged, with winners and losers as its parts. Elisaveta Ignatova [2005: 10] continues: *the transition divided Bulgarian society into a tiny layer of successful individuals and a vast majority of losers who typically define themselves as poor people.*

The privatization of state-owned factories, banks, agricultural plants and real estate was said to be the best way for these countries to develop and large industrial plants were sold as a set or bit by bit. A weak state was believed to enable a quick transition towards a market economy. Private ownership of the means of production, the mass media, of financial institutions, land and houses is protected by law. It helped private businesses financed by foreign and domestic capital to flourish, sometimes accumulated illegally. The Haves and Have-Nots appeared to constitute new elements in the social structure.

Coexistence of private and public systems in the economy complicates the social stratification in that there are different mechanisms for the social location of individuals and their remuneration. Despite market regulation of wages and salaries, new political criteria for the creation of the social structure were introduced, setting for example ceilings on wages and salaries in the public sector or providing special pensions regulations for particular branches or institutions. It happens that 'appropriate' party membership is decisive to get a job (mostly managerial post but not only) in concerns with state capital or in state and local administration.

Not only a formal but also an 'alternative' informal 'black' market of production, trade and labour has developed to avoid payment of tax and to accelerate capital accumulation.

The mechanisms of social mobility existing in state socialism ceased to work and new mechanism has not crystallized yet. Thus, as stated by Lithuanian PROFIT researchers on the basis of a publication by Taljunaite [Taljunaite 2000: 62]:

Classical criteria of social stratification including occupation, education and income are not enough to identify the social status of an individual. In order to better understand social differentiation in a transitional society, one has to take into account such factors as <extent of privacy, forms of ownership, real material

status, legality of sources of income, how consistent are social relations, sphere and type of activity, etc.

This idea has been expressed by Elisaveta Ignatova [2005] in the PROFIT report as follows: *The prevalent mechanisms for social stratification as a process are “invisible” since they are fully or partly illegitimate and there is not enough empirical evidence for them. Despite the fact that the share of constantly involved people is not too big, the results of their activities are very significant. If the researcher ignores the importance of that part of the Bulgarian population, the analysis becomes unbalanced and partial. The participants of this thin layer have similar characteristics:*

- *Extremely high income, earned in illegal ways, by avoiding official legislation, by different forms of corruption, by unconscious bargains;*
- *Luxury life style – expensive flats and big country houses, luxury cars, education in Western countries for their children and so on;*
- *Great influence over the decision-makers in economy, politics and culture;*
- *Their fast enrichment became possible because of secret and informal deals involving public property. As a result, the wealth of these people is the direct cause for the enormous poverty among the majority of the Bulgarian citizens [Tilkidjiev 2002: 103].*

Therefore, it is hard to identify and classify this “invisible layer”. Moreover, the group itself is rather heterogeneous and includes people with “suspicious” business – imports, trade in weapons, prostitution. It consists of former nomenclature members and their close associates, of corrupted politicians and state employees using their positions for unfair and informal deals. Other members of the group are representatives of informal small and medium-sized business, entrepreneurs from the “grey economy”. Consequently, to clarify the quantitative and qualitative parameters of the conflict between official, formal stratification and non-official, informal social structure is one of the most serious challenges facing Bulgarian scientists.

Thus, it is not only problematic for the social sciences but also for ordinary people to compare the social structure emerging during the transformation with that in the state-socialist period. Both scientists and ordinary people were trained to conceptualize the social structure as composed of the working class, (working) intelligentsia and the peasant class. Currently sociologists are trying to adopt the stratification scheme, and people are confused as to how to identify their own social positions. It is difficult to compare generations acting within different

socio-economic-cultural contexts [Giza-Poleszczuk 2004: 248–270]. The short time span for observation is also an obstacle.

Despite similarities in social structure the rebuilding of each post-socialist country is following its own path that is determined by specific peculiarities embedded in its history, demography, culture and, what is very important, in a manner which avoids state socialism.

In the Baltic countries the collapse of state socialism was connected with the rebirth of independent nation states which resulted in the opening of mobility prospects in newly established institutions and structures. As stated by Kairi Kasearu [2005], PROFIT researcher... *many new structures were created after Estonia regained its independence and in these structures there was mostly a need for young and educated people.*

However, in these countries specific peculiarities may also result from the fact that the development of the infrastructure in particular regions and towns during the Soviet system was dependant on politically prescribed criteria as well as from a population policy aimed at the intermingling of nations and ethnic groups. The change of the official language has excluded representatives of national minorities from managerial positions and sometimes even their children from public education. Kairi Kasearu [2005] reports referring to Asari [Asari 2002: 233] and Titma [Titma 1999]: *Compared to the 80s, the non-Estonians are now working in lower occupational positions and the possibility of them being unemployed is higher than for Estonians. Non-Estonians' unemployment rate in 1999 was 17% and Estonians' rate was 10% (Social Trends 2:52). In the Estonian society, the proportion of Estonians tend to be higher in upper occupational strata, non-Estonians are relatively more represented among skilled workers. For example a study by Asari [2002] showed that the Estonians have better opportunities to work as a manager or a top specialist than non-Estonians. The reason is that the transition period weakened the positions of non-Estonians in the Estonian society. However, more important characteristics than ethnicity are citizenship and the ability to speak the Estonian language. According to Asari, the ability to speak Estonian and Estonian citizenship are creating better opportunities to participate in the labour market. Language ability is a condition of working in several occupations both in the private and public sector. The achievement of higher education in Estonian universities is also hindered by insufficient language skills.*

In Bulgaria specific conditions for shaping the social structure are the result of:

- dramatic changes in population as a result of negative population growth and emigration: *Having in mind the mass emigration, which amounted to some 700,000*

emigrants during the period between 1989 and 2000, the negative population growth cannot be reversed in the foreseeable future... The emigration of people of an economically active age is a strong negative factor for the development of the work force. Bulgaria ranks 91st among 102 countries in terms of brain drain, as a survey of the International Economic Forum says (www.dnevnik.bg). The seriousness of the economic collapse of the nation can be seen in the decrease of the age cohort below working age [Demography, economic and social insurance 2001: 27; Statistical Reference Book 2004: 13] [Ignatova 2005]

- *the re-privatization of agriculture land (The situation in the villages and generally in the agricultural sector is unfavourable. The major reason for the problems is the very strategy of re-privatization of agricultural land since most landowners live in towns. Also, the privatized land is divided into close to four million small plots. This state of ownership does not allow technological and economic efficiency of agricultural production. That is why nearly one-third of the arable land is currently not used for agricultural production. The rest is not used efficiently most of the time. So, agriculture is currently no remedy against unemployment and poverty) [Ignatova 2005], and*

- *a strong feeling of status inconsistency or even of ‘relegation’ or ‘status loss’ (The recent social stratification system in Bulgaria is a result of the struggle between the pressure of low consumer abilities and people’s aspirations to “hold” their social status... about 86 per cent of the households of the people at the “real bottom” have their own houses and 58 per cent have their own agricultural land. But it is paradoxical that despite their high property status, the modern technical achievements – computer, mobile phone, microwave oven - are inaccessible to these people (about 30% of cases) [Ignatova 2005]. It is a well known thesis in sociology that “discrepancies between rank positions in different dimensions themselves have implications for an individual’s psychological well-being, social attitudes and actions, and these implications are generally taken to be adverse [Swift, Marshall 1999: 26]*

In Poland *differentia specifica* of social structure rebuilding are connected not only with the existence, during the period of state socialism, of such social segments and institutions which were absent in other countries, but also with the specific manner of avoiding state socialism.

These specific social segments were, apart from the nomenclatura... 2) the **heavy-industry working class**, initially a political slogan but soon becoming a distinct segment of the population and an important political force in the communist state, 3) **the peasantry**, defined by their individual ownership of arable land, yet dependant on state-controlled access to agricultural equipment and

involved in the state distributive system of agricultural products, 4) employees in redundant bureaucratic positions, actually representing hidden unemployment; 5) active organizers of the informal economy; and 6) semi-institutionalized opposition to the mainstream, communist-regime supported, organization of life [Słomczyński 2002: 15].

Though transformation to democratic capitalism is a result of reforms designed by political elites using a top-down strategy, the collapse of the socialist system in Poland was due to previous prodigious political activity of the working class having constituted a major part of the ‘Solidarność’ movement. Strong trade unions in heavy industries were able to organize strikes and demonstrations against privatization as well as negotiate conditions of lay-offs after 1989. In contrast, the workforce in agricultural state-owned plants was weak and not organized. Thus this kind of state-owned plant was dissolved on the basis of an Act of Parliament which initiated a process of underclass-formation in geographically and socially isolated rural settlements. Since political elites representing the communist party and semi-institutionalized opposition decided on the rules of replacement of the last communist government by the first non-communist one, communist party members were permitted to hold their occupational positions. It prevented the destruction of management abilities in many plants and institutions. On the other hand, members of the nomenclature class, who were dismissed, are said to have converted their political assets into economic ones, constituting a new capitalist class. During the transformation members of the new political elite converted into an economic elite as well. Apart from these two categories the active organizers of the informal economy became members of a newly emerging social category of entrepreneurs. The existence of small farming moderated, through the provision of food and other agricultural products, poverty among dismissed workers originating from rural families.

It seems that the above mentioned peculiarities of the social structure in connection with the ethnic homogeneity of Poland contributed to relatively short period for achieving a recovery of the national economy. But it happened at the cost of growing social inequalities and of delayed modernization.

In all post-socialist countries changes in social structure composition are also due to the rapid development of information and communication technologies that, together with the restructuring of the economy, requires a well educated and highly skilled workforce. Those who for various reasons cannot adapt themselves to entrepreneurs’ expectations are marginalized.

Findings regarding the social structure as a structural factor potentially affecting the intergenerational inheritance of inequalities can be summarized as follows:

1. Changes in social structure of post-socialist countries concern both the criteria for locating individuals in social positions and locating particular strata in the stratification system.

2. At the same time, different stratification criteria are in operation, which makes individuals confused. It is status inconsistency that concerns first of all education and income/wealth, occupation and income/wealth, education and occupation.

3. There are at the same time opportunities and constraints for social mobility. Opportunities are offered to those who are young and better-educated. But even those meeting these criteria had difficulties in getting a job because of a shortage of job vacancies. It resulted in extra-meritocratic criteria operating.

4. Post-socialist countries are heavily affected by migration. The process began in the 90s when hundred thousands of people migrated from Bulgaria. After accession to the EU, migration is particularly remarkable in Poland. Rough estimations say that more than 1.5 million Poles went abroad to seek work.

SOCIO-ECONOMIC STANDING OF COUNTRIES IN THE STUDY

It is a commonly known fact that living standards in all post-socialist countries, including those in the study, is lower than the European Union average and in particular lower than in Western countries in the study. In Bulgaria, Estonia and Lithuania real GDP in 2004 was still below 1989 levels [European Commission 2005: 20], when it was already low. At the same time income inequalities, as measured by the Gini coefficient, have been increasing, and in Bulgaria and Estonia are higher than in all Western countries in the study, while in Lithuania and Poland they are higher than in all countries in the study except the United Kingdom. Bulgaria, Estonia, Lithuania and Poland as whole countries are regions with less than 75% of the EU-25 average income.

A country's wealth determines the level of social expenditure on education, health care, housing, social benefits, etc. Post-socialist countries spend less than the EU-average on social protection. It is also the case of Italy, the United Kingdom and Finland. In Germany the share of social protection expenditure in GDP is higher than the EU-average. While Estonia and Lithuania spend less than 15% of GDP, Germany spends approximately 30% on social security. The expenditure expressed in PPS per head reveals the gap between post-socialist countries and their western counterparts. Bulgaria, Estonia, Lithuania and Poland

spend less than 2000 Euros per capita on social protection whereas the United Kingdom, being the leader in this respect among countries in this study, spends more than 7000 Euros per capita [ibidem]. It means that central state, regional and municipal support for worse-off categories is on the low side in Eastern countries and sometimes is only of symbolic significance. As stated by Elisaveta Ignatova [2005] in the Bulgarian PROFIT report: *large groups of the Bulgarian population suffer from the inefficient functioning of social assistance schemes, which have to manage the distribution of rather scarce resources. Only parts of those living in poverty on social assistance or on low salaries/wages are actually able to reduce the probability of inherited poverty. More precisely, the coverage of the social assistance schemes is so low that it preconditions inheritance of poverty. Even when the poor get monetary assistance, it does not suffice to make up the gaps in the household budget needed for a life in dignity according to the local, not to mention Western European, cultural standards [Futekov 2002: 66-73; Hristov 2001: 113-132].*

State budget limitations may reduce the potentials for intervening in the transmission of poverty and inequality and may produce the feeling of helplessness among policy makers and ordinary people.

PATTERNS OF POVERTY AND THE COMPOSITION OF SOCIAL PROBLEMS (RISK OF IIOFI)

Patterns of poverty, defined on the basis of the extent and intensity of poverty differ substantially between countries in the study.

TABLE 2. At-risk-of-poverty headcount, median poverty gap and income inequality for total population

At-risk-of poverty intensity	At-risk-of-poverty headcount		
	LOW	MEDIUM	HIGH
Low	CZ, DK, DE, FR, LU, HU, AT, SI, FI, SE,	BE, BG , CY, MT	IE,
Medium	NL		RO , UK
High	SK		PL , LT , EE , EL , ES , IT , LV , PT

Own elaboration based on Joint Report on Social Protection and Social Inclusion [2007]. Supporting Document, Annex 1C tab. 1a, 2 (SILC [2005], Income reference 2004

Notes: Member States are classified as having a medium at-risk-of-poverty headcount (or rate) and at-risk-of poverty intensity (or gap) if the corresponding figure is respectively within +/-1 point from the EU average.

Member States marked in bold have higher-than-average income inequality. by underlining Member States marked have lower than-average GDP per capita (in PPS).

Finland and Germany are affluent countries where the percentage of the poor in the total population is low and the income difference between people at risk of poverty and those not at risk is low. In contrast, Italy and the United Kingdom are affluent countries with high income inequality and widespread poverty. However, these countries differ in poverty intensity, which is high in Italy and medium in the UK.

Estonia, Lithuania and Poland are poor countries with a high risk of poverty and a wide poverty gap. Bulgaria, also a poor country, is more equal; poverty is moderate and the poverty gap is narrower. The income of the population at risk of poverty in Bulgaria is not much lower than of those above the poverty threshold.

Poland and Lithuania are the member states which are most affected by poverty among European Union's 27 members. The at-risk-of poverty indicator for Poland and Lithuania makes up 21% of the population (EU-25–16%), being more than twice as high as in Sweden (9%).

However, one has to bear in mind that the 'at-risk-of poverty' concept is a relative one. This is why being poor means having different living standards in different member states. Because of varying levels of economic standing across countries, people considered poor in affluent countries are sometimes much better off in absolute terms than those in poorer ones. Differences are tremendous. In the United Kingdom, the poverty threshold for two adults with two dependant children is set in PPS at 22 370, in Germany – at 20 368, in Finland – at 17 851, in Italy – at 17 352 while in Poland – it is 6 041, and in Estonia 6 025, in Lithuania 4 916 and in Bulgaria 4 269 PPS . Thus, if the EU-25 average were applied to post-socialist countries to determine a share of the at-risk-of poverty population, the number of those below the poverty line would double at least. As noted by Martin Evans “...*Poverty in poor countries has a higher incidence of absolute deprivation and the shape of their income distributions also makes using relative measures questionable*” [European Commission 2004: 185].

Needless to say, the national overall resources determine the ability to provide income support via social protection systems for needy individuals and families. Therefore, poverty in post-socialist countries seems to be particularly severe.

Countries differ substantially not only in the incidence and intensity of poverty but also in which age groups are most vulnerable to the risk of poverty. If it is

children, the risk of Ilofl is more predicable. Many studies provide evidence that poverty in childhood is the most devastating and most predictable of poverty in later stages of life course (see L Henley Walters article in this volume).

Among countries in the study only in Finland is the child poverty rate lower than the overall poverty rate. The difference in the rate of at-risk-of poverty for children and the total population is the highest in Poland (8%), in Bulgaria (7%), in Lithuania (6%) and in Italy (5%). Poland (29%) and Lithuania (27%) are the countries most affected by child poverty in the European Union (19%).

Patterns of child poverty, defined by the at-risk-of poverty headcount and at-risk-of poverty gap, do not differ very much from those for the whole national population. Again, Finland and Germany are countries where the rate of children at risk of poverty is, in comparison with the EU median, low and the living standards of poor children are not very much lower than of those living in more affluent households. The United Kingdom still has a high share of poor children, however the living standards of the poorest have improved as a result of state intervention, halting the upward trend of household income inequality. In Poland, Lithuania, Estonia, followed by Bulgaria, a high proportion of children live in households below the relative poverty line and their living standard is much lower than other children.

TABLE 3. At-risk-of-poverty headcount, median poverty gap for children aged 0-17

At-risk-of poverty intensity	At-risk-of-poverty headcount		
	LOW	MEDIUM	HIGH
Low	DK, DE, FR, CY, AT, SI, FI, SE	CZ, LU, HU	MT, UK
Medium	NL	BE	EL, RO
High		SK	BG, EE, ES, IT, LV, LT, PL, PT

Own elaboration based on Joint Report on Social Protection and Social Inclusion [2007]. Supporting Document, Annex 1C tab. 1b (SILC [2005], Income reference 2004. Notes: Member States are classified as having a medium at-risk-of-poverty headcount (or rate) and at-risk-of poverty intensity (or gap) if the corresponding figure is respectively within +/- 1 point from the EU average

Differences between countries in the study regarding the risk of Ilofl became more evident when other social indicators relating to the present situation and to the future prospects of children and young people were taken into account (Tab. 4). It occurs that:

TABLE 4. Patterns of social indicators for 8 countries- highlighting best performing countries [2003]

Indicator/country	BG	DE	EE	FI	IT	LH	PL	EE	EU27
Children in Jobless HH	-	-	+	+	+	+	-	-	9.5%*
Early School Leavers Women (at most lower sec. edu., 18-24)	-	=	Na	+	-	+	++	+	13.2%
Early School Leavers Men (at most lower sec. edu., 18-24)	-	+	+	+	-	+	++	+	17.5%
% of low achieving 15 years old in reading literacy	Na	-	Na	++	-	na	+	+	19.8%**
Employment Rate (15-64)	-	+	+	+	-	-	-	++	63,4%
Relative spending on family & children	Na	+	++	++	-	+	-	-	7.8%
Impact of social transfers (excluding pensions on at-risk-of poverty rate)	-	+	-	++	-	-	-	=	38%*
At-risk-of poverty (0-17)	-	+	-	++	-	-	-	-	19.0%
Impact of social transfers on at-risk -of poverty rate for children (0-17)	-	+	-	++	-	-	-	+	44%
Youth unemployment rate (% of labour force aged 15-24) (2004)	-	+	+	-	-	+	-	++	18.6%

Own elaboration on basis of Joint Report on Social Protection and Social Inclusion [2007]. Supplementary document. EU-SILC

* EU25

** EU25 Joint Report on Social Protection and Social Inclusion [2006]

Country figures are being compared with the EU median for each indicator. “++” best performing quartile; “+” – between median and the best performing quartile; “-” – between median and the worst performing quartile; “-” the worst performing quartile; “=” median

Finland protects children against poverty very well by means of high levels of employment for parents and generous social transfers. In this country education seems to be an effective measure to equalize not only opportunities but also performance. According to the PISA 2004 report, Finland is the best performing country in mathematics, reading and science. The high level of student performance is unrelated to their socio-economic-cultural background and there are no between-school differences in student performance. **A risk of inequality transmission seems to be very low in this country and limited to individuals and small groups.**

In **Germany** generous relative spending on children in connection with high employment seems to protect the majority of children from poverty. In this country the poverty risk for children is lower than the EU median level and the reduction in the poverty risk for children is better than EU average. Relatively

many children are living in jobless households which may make them vulnerable to poverty. Though early school leaving seems not to be a reason for concern, education is not effective enough to ensure equal opportunities because, according to the PISA report:

- There are significant discrepancies between schools in student performance
- Student performance is affected very much by socio-economic background
- There are large discrepancies in performance between native and non-native students, even if they are born in Germany [OECD 2004: 163]

So, even if in Germany a risk of Ilofl seems to be relatively low, the education system may contribute to the creation of 'pockets' or larger social categories (like immigrant communities) that are more vulnerable.

Despite many efforts of the New Labour government, the risk of poverty for children in the **United Kingdom** remains higher than the EU median; however, reduction in this risk by social transfers is substantial. As compared with data from 2004, the percentage of early school-leavers decreased which may provide evidence that education has been a real priority for the government and that parents and pupils have recognised the value of education for improving an individual's life changes. However, the high proportion of children living at risk of poverty and in jobless households makes the likelihood of transmission of inequality still real.

Italy and **Bulgaria** seem to be at serious risk of inequality transmission. In these countries, risk of poverty for children is high, spending on children is low and social transfers are not generous enough to reduce the risk of poverty among youngsters. Low employment does not protect children from low income families. The situation is worse because of the substantial proportion of early school leavers.

In **Estonia**, **Lithuania** and **Poland** poverty among children is very high and, in the former, the efficiency of social transfers is also low. This may contribute to the transmission of poverty unless the proportion of social spending on families and children increases. Low employment in Poland and Lithuania should be perceived as factors impacting on the intergenerational inheritance of inequalities. Poland is not able to reduce youth unemployment substantially which, with 36.7% of all unemployed in the age cohort 16-24, remains the highest in the EU.

CONCLUSIONS

1. Countries in this study represent different patterns of poverty and social problems composition that can contribute to the intergenerational inheritance of inequalities.

2. Data show that the risk of Ilofl may differ between countries, with Finland predicted to be the best and Bulgaria, Poland, Italy, Lithuania and Estonia predicted to be the worst.

3. Statistical data provide evidence that the risk of Ilofl correlates with social welfare regimes, which produce different patterns of poverty.

- Finland, in practising preventative measures, is effective in reducing poverty among children and the risk of Ilofl seems to be limited there to particular people or small groups suffering from specific deficits.

- Germany, following the rules of continental social regime, protects the majority of children from poverty relatively well. However, there are some 'pockets of poverty and social exclusion' which are beyond effective protection of this affluent state. They are composed of immigrants who even in the second and third generations could not find a place in labour market, having worse educational achievements.

- The United Kingdom, following the New Labour's priorities, has shown some progress in mitigating child poverty and improving education. However, a large proportion of children still lives below the poverty line. In the midst of an affluent society, deprived areas populated by those who are not able to operate in the labour market continue to exist.

- Italy is the relatively most endangered western country in this study in terms of the Ilofl resembling to some extent the situation in post-socialist countries. However, it is known that regional differentiations in Italy are very significant.

4. Risk of Ilofl has to be of particular concern in post-socialist countries which are poor and cannot offer sufficient support to families with children.

5. Though it is optimistic that early school leaving is relatively low in these countries (except for Bulgaria), educational activities (including leisure time activities) aimed at child development, like extra-curricular courses, have to be paid by parents.

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SOCIO-ECONOMIC CONTEXT AS A RISK FACTOR FOR IIOFI (COMPARISONS AT NATIONAL LEVEL)

(Summary)

Socio-economic condition of a society, associated with both inner and international economic, political and social processes, is a specific context of all social phenomena. While applying the comparative perspective, the author points at macro-scale processes determining the risk factor of International Inheritance of Inequalities in respective countries. Comparisons of structural contexts of the PROFIT project participant countries have been conducted with the application of various indicators of economic and social situation in each of them.

SYTUACJA SPOŁECZNO EKONOMICZNA JAKO CZYNNIK RYZYKA W PROCESIE TRANSMISJI NIERÓWNOŚCI SPOŁECZNYCH (PORÓWNANIA MIĘDZYNARODOWE)

(Streszczenie)

Społeczno-ekonomiczna sytuacja każdego kraju, związana z wewnętrznymi oraz ponadnarodowymi procesami gospodarczymi, politycznymi i społecznymi stanowi specyficzny kontekst występowania wszelkich kwestii społecznych. W niniejszym opracowaniu autorka, przyjmując perspektywę porównawczą, wskazuje, jakie zjawiska i procesy makrosocjalne warunkują skalę zagrożenia międzygeneracyjną transmisją nierówności w poszczególnych krajach. Porównania sytuacji strukturalnej krajów uczestniczących w projekcie PROFIT dokonano przy wykorzystaniu pochodzących z różnych źródeł wskaźników obrazujących gospodarczą oraz społeczną sytuację w każdym z nich.