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# Luxembourg Income Study Working Paper Series

Working Paper No. 129

Incomes in East-Central Europe:  
Distributions, Patterns, and Perceptions

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*(scanned copy)*



**INCOMES IN EAST-CENTRAL EUROPE:  
DISTRIBUTIONS, PATTERNS AND PERCEPTIONS**

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There has been a tendency in the West to see income distribution in communist countries as an opaque equalized whole: opaque, because authentic data were not available; equalized because the Marxist theory as to the equality of well-being under communism was taken as actualized; as a whole because, due to a lack of data, inter-country differences were not acknowledged. Because data were not easily accessible, there was space for constructions.<sup>1</sup>

We can find however some "domestic" literature giving and analyzing income data (e.g. Kordos 1973; Eltetö, Lang 1971; Rabkina, Rimashevskaja 1972; Večerník 1986). Several Western scholars also devoted their efforts to revealing income distribution in the East (e.g. Wiles 1974, McAuley 1979). However it was only with the opening of borders that it became possible to show in more detail how economic inequality developed in the East. The A. Atkinson and J. Micklewright book (Atkinson, Micklewright 1992) is undoubtedly the most accurate and comprehensive compendium summarizing the evidence on income distribution in the communist period. What has happened since 1989 is, however, still relatively unknown.

Here several questions about how earnings and incomes have changed since the removal of the command economy and the introduction of markets can be raised. Two perspectives should be combined: a comparison across time showing how far distribution has changed; the other a cross-country comparison displaying the degree to which country specific differences were maintained or shifted. The Central-East European "family of nations" is distinguished from the Eastern as well Western Europe, has many similar historical roots, shared quite similar fate under the Soviet pressure and see some economic recovery in the last year. We cannot however neglect considerable differences among them having direct effect in the scope of social problems, mainly uneven rate of unemployment and inflation (Table 0).

Our task is not to analyze macroeconomic developments but the change in economic inequalities which hits individuals and households. Not only statistical distributions of incomes are important

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<sup>1</sup>) Income data from the former USSR in particular were almost inaccessible because of their confidentiality. However data from other countries were also not easy to obtain because corresponding statistical documents had a very limited distribution.

here but also the determining factors and the changing location of various categories of the populace on the income ladder. And, not only "hard" statistical data (ever biased by people's memory and willingness) are important but also "soft" respondents' declarations about the relative level and dynamics of their well-being resulting, among other things, into "consensual" poverty line.

To observe what happened in those perspectives, we need microlevel evidence that is comparable across countries. To make these comparisons, several data sources have been combined. The first is the comparative survey *Social Stratification in Eastern Europe after 1989*, carried out in six post-communist countries in 1993 by a team headed by D. Treiman and I. Szelenyi, UCLA. The second is the database gathered under the auspices of the Institute for Human Sciences, Vienna, within the project *Social Costs of Economic Transformation* (SOCO) which includes recent statistical and sociological data. The third is the *Luxembourg Income Study* database as the best source for comparison with Western countries. Other comparative sociological surveys, listed at the end of this article, were also used.

### **1. Earnings: from a "demographic" to a "market" determination**

In Marxist thinking, workers in a socialist society should be rewarded not equally but according to their labor. Socialism was expected to introduce "just" differences between people, before being replaced by communism where people should be entitled to have all their needs met (Marx 1966). Behind the facade of noble ideals and human intentions, however, fervent power interests acted to that the distribution of earnings should serve as a tool. While Marx hypothesized that the "classic" capitalist rewards a worker not according to his labor but according to the survival needs of himself and his family (Marx 1965), it was "really existing socialism" which in fact accomplished this practice (Večerník 1991a).

The wage bill in the command economy did not reflect the labor force's share of national income, but was calculated as a residual amount after the satisfaction of all investment priorities, so as to ensure a minimum standard for people, with just a little regard for the Western level (which however diminished with geographical distance). Consequently, differences in earnings between manual and non-manual labor were almost non-existent; indeed non-manual labor was sometimes rewarded less than manual, the reasoning being that the latter involved greater nutritional requirements. Differences in earnings between various levels of education barely covered the cost of study or the income forgone during schooling, these lowering benefits to school were justified by the Communist regime by arguing that non-manual labor is in fact unproductive (Večerník 1991b).

The original impetus of income distribution under communism was the massive demands of stalinist-type industrialization. The extensive employment of women allowed the male labor force to shift into mining, metallurgy and heavy industry, while the female labor force fed the light manufacturing industry and the lower levels of the expanding bureaucracy. In order to reward the growing workforce within the given limits, it became necessary to equalize earnings. And, branch differentials were shifted to the favour of manufacturing and construction, the police, army and party bureaucracy and to the detriment of the service sector, especially education, health and banking.

This general strategy, which applied across the Soviet block, was modified into specific national patterns. In the 1960s and 1970s, inequality in earnings oscillated most in Poland and least in the former Czechoslovakia. Behind the aggregate distribution, however, important changes occurred. In the branch disparities, the gap between manufacturing and agriculture narrowed and that between the "material" (transport, trade) and "immaterial" (health services, education, research) tertiary sectors increased. In qualification differentials, there was a narrowing between highly and routinely qualified labor. In 1980 tertiary educated staff in manufacturing received 131% of a routine worker's earnings in Czechoslovakia, 140% in Hungary and 125% in Poland (COMECON).

In the 1980s the paths followed by the socialist countries diverged (Figure 1). In Hungary a certain dispersion of wages appeared as a component of a careful implementation of market oriented reforms into the economic system. In Poland, Solidarity imposed a flattening of income differentials aimed at increasing the standard of living of the lower strata. In the former Czechoslovakia, preferences for the working class and older generations were advanced behind the frozen facade of aggregate disparities. At the end of communist rule, Hungary had the highest and increasing wage disparities, while these were lowest and stagnant in the former Czechoslovakia.

After the transformation began in 1989, economic reforms started to re-design earnings distribution towards a greater inequality in all Central European countries. The differences between them were, however, mostly maintained or even strengthened. Thus, earnings inequality is still highest in Hungary and relatively small in the Czech Republic (Table 1). While Hungarian disparities correspond to those in such Western countries as Austria or the U.K., recent Czech figures are on the level of Germany, and Polish figures appear on a level with France (Večerník 1995).

However it is not the range of inequality which reveals the intrinsic changes but rather an insight into the predictors and patterns of determination of earnings. If earnings under the communist regime were affected most by demographical factors, what is the situation in the early period of transformation and what are the specific features of individual countries?

Figure 2 displays beta coefficients calculated by analysis of variance and showing the relative weights of individual predictors of earnings, concretely gender, age, education, firm ownership, branch of activity and managerial position.<sup>2</sup> The data display a diversity of country-specific patterns. In the former Czechoslovakia, the most important predictor of earnings (although its

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<sup>2</sup>) In the analysis 4 categories of education are distinguished (elementary, industrial, secondary, tertiary), 4 categories of ownership (state or similar enterprise, state enterprise under or after privatization, new private firm, new private firm with foreign capital), 8 categories of industry (agriculture, manufacturing, transport and communications, trade and catering, education and health services, public administration, banking, other) and 3 categories of managerial position (no subordinates, 1-9, 10 or more subordinates). In Figures 2, 4 and 5 beta coefficients shown are produced by the analysis of variance (procedure Anova of the SPSSX). They can be read as a standardized regression coefficient in the sense used in multiple regression: the square of beta indicates the proportion of additional variance explained by each factor. Unlike regression analysis, this accommodates the determination of independent variables which are of a nominal character and is especially suitable where the dependent variable is metric and the independent variable non-metric.



influence has recently become attenuated) is still gender, the men/women earnings ratio being the lowest in Hungary and the highest in Poland. Education is the most important factor of earnings in Hungary and Poland and the second most important (after gender) in the former Czechoslovakia.<sup>3</sup>

Earnings disparities by sector of ownership and branch are far slighter. Branch distribution is striking in Poland due to extraordinarily low earnings in agriculture, and the sector of firm ownership differences is more important in Slovakia than in the other countries largely due to the strong income position of the new domestic entrepreneurs. Managerial position is very important in the Czech Republic and Poland and much less important in Hungary and Slovakia.

Taking the proportions of "demographic" predictors (gender, age) and "market" predictors (education, firm ownership, branch and managerial position) in terms of variance explained by sets of corresponding variables, very similar patterns can be seen in the Czech and Slovak Republics (15:14 and 15:12), where the demographic and market determinants are balanced. There are very different patterns in Hungary (6:16) and Poland (7:20), however, where demographic determinants are considerably outweighed by market ones.<sup>4</sup> Among market determinants, education and ownership are more important in Hungary as against branch and managerial position in Poland.

Earnings should be examined within the framework of all personal incomes, i.e. also wage replacing incomes such as unemployment and pension benefits. Table 2 summarizes the 1992 situation regarding personal incomes according to economic status and job. There are apparently several important differences between countries. The income position of both the upper and routine non-manual workers is the best in Poland, while the position of manual workers appears as relatively the strongest in Hungary. Incomes from self-employment appear very good in Poland and the Czech Republic, while the situation of agricultural workers is extremely low in Poland. Only in Poland does the position of the unemployed and pensioners differ considerably.

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<sup>3</sup>) According to the 1992 Social Stratification survey, women received 67% of men's earnings in former Czechoslovakia, 77% in Hungary and 62% in Poland. Growth rates are also different: in 1988-1992 university educated men improved their position relative to men with elementary education from 206% to 248% in Hungary and from 136% to 156% in the Czech Republic (SOCO database).

<sup>4</sup>) The first figure in parentheses is the variance explained by gender and age and the second the variance explained by education, ownership, branch and managerial position. The sum of the two is the variance explained by all variable, i.e. 29% in the Czech Republic, 22% in Hungary, and 27% in Poland and Slovakia.

The general trajectory which started earlier in Hungary and Poland and later in the former Czechoslovakia is a contraction of demographic predictors of earnings originally settled by the state planning offices. In their place, market characteristics in the Weberian sense have now asserted themselves: education, job qualifications, special training.<sup>5</sup> Regarding the ongoing process, we assume however, the overall determination of earnings declined only temporarily before increasing again through the growing influence of job and qualification characteristics.<sup>6</sup>

## **2. Family incomes: from a "paternalistic" to an "economic" model?**

Household income distribution cannot be considered to follow the same pattern as personal incomes because several mediating factors intervene in this relationship. The first is the employment of other adult members, which biases the relation between the main breadwinner's earnings and the resulting family income. The second is represented by taxes and welfare benefits which redistribute incomes between generations and along the income hierarchy. The third is the redistribution of incomes within a family, based on the number of active earners and dependent children.

The communist regime placed very high importance on redistribution (characterized by per capita income) and disregarded the household as an economic unit (characterized by total household income). Basic needs satisfaction was the only important factor and since the 1950s only per capita income statistics were available. According to this indicator, individual countries differ considerably in their levels and change over time (Figure 3). Whereas in the former Czechoslovakia, the tendency to squeeze disparities continued even in the 1980s, inequality

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<sup>5</sup>) Weber characterized "earnings class" (Erwerbklasse) by chances of market valorization of goods which people offer or performances they accomplish. These include, among others, freelancers with special skills or training and workers with monopolistic abilities, innate or learned (Weber 1956:225).

<sup>6</sup>) According to the Blau-Kahn's analysis based on ISSP surveys, the variance explained by experience, education, occupation and industry amounts in Western countries to about 40% (Blau-Kahn 1992). Comparable figures for Central European countries, based on the Social Stratification survey, are 20-30%.

increased in Hungary and Poland. In the early 1990s disparities increased in all countries under observation.

The per capita income calculation obscured, however, much higher inequalities in total household income and hindered comparison with Western countries familiar with this indicator. As Table 3 shows, while the inequality of per capita income was quite slight (less than that of earnings), disparities of total household income were much greater, at levels comparable to those in Western societies: the ratio of the income of the richest 20% to that of the poorest 20% was about 5 in Sweden and Belgium, over 5 in Germany and Holland, over 6 in France, 7 in the United Kingdom and over 10 in the USA (Slicing 1994).<sup>7</sup>

The difference means that household incomes were collected through an "extensive" rather than "intensive" way meaning the number of earnings in the former case and unequal individual earnings in the latter. The determination of household income under the communist regime was mostly of a "demographic" character, its influence even increasing over time. While the number of active earnings was the main predictor of household income distribution, the number of dependent children was the main predictor of per capita income distribution, the age of the main breadwinner being an important predictor of both. This meant that the personal characteristics of the head of the household and/or his partner - such as education and occupation - influenced income distribution to a much lesser degree.<sup>8</sup>

Given the restricted availability of data, we can compare change over time in the Czech Republic and, with some limitations, in Poland. Although the period under consideration is somewhat short for radical changes in the intrinsic mechanism of income packaging and distribution, the inter-temporal comparison 1988-1992 displays quite marked shifts. These shifts involve a decrease in the weight of demographic factors and an increase in the weight of education and other personal

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<sup>7</sup>) According to the Luxembourg Income Study data, the 80/20 ratio of net household income in Europe varied between 2.2 (the Netherlands) and 2.8 (United Kingdom) in the mid-1980s (Smeeding, Coder 1993). According to the Social Stratification survey, this ratio was 2.2 in the Czech and Slovak Republics, 2.8 in Hungary and 2.4 in Poland in 1992. Seen from this perspective, the range of disparities seems to be the same. In the former Eastern Germany, disparity of the total household income was even higher than in Western Germany while the disparity of the equivalent income was much lesser (Hauser et al. 1994).

<sup>8</sup>) These conclusions are drawn from detailed analyses of Czech and Slovak micro-data, compared with information from published tables from other countries. It is possible that the characteristics might not be so pronounced in Hungary and Poland.

economic characteristics (job and branch). The weight of demographic variables decreased from the late 1980s in Poland too.

The changes become more apparent in a broader cross-national comparison with Western countries (Table 4). In the latter, the impact of household size on income (measured by both indicators) is far lower, although it varies considerably between countries. In the Czech Republic, the degree to which the total household income is determined by the number of adults and children was by far the highest in 1988, much higher than in social democratic Sweden. Figures for 1992 are much closer to some "social-market" Western countries.

Thus, the "demographic model" seems to have been gradually transformed into the "economic model" typical of Western developed countries. In this model the more favorable placement of a person in the earnings hierarchy can - and in fact does - outweigh incomes brought in by additional active earners and social transfers. Whatever the importance of the number of dependent children for family welfare in this model, it is far from being the decisive factor in the distribution of equivalent or per capita income.

Figure 4 parallels predictors of earnings by determination of equivalent income if the equivalent scale is calculated as 1.0 for the first adult, 0.7 for other adults and 0.5 for each child. The number of children seems dominant in all countries, though it is highest in Slovakia and lowest in Poland. In Hungary and Poland education still scores very high, whereas in the former Czechoslovakia other socio-economic characteristics are important. Taking the proportions of "demographic" and "market" predictors, we can see almost the same patterns in the Czech and Slovak Republics (17:13 and 18:14), where demographic variables clearly outweigh market ones, but Hungary shows a different pattern (10:18), where market variables are more important than demographic ones, and Poland yet another (20:19), in which the two sets of determinants are balanced.<sup>9</sup>

What is then the link between personal and household income, what is the weight of mediating structures, be it labor market (employment of spouse and other adults) or social transfers? This

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<sup>9</sup>) Figures in parentheses mean the variance explained by "demographic" (numbers of adults and children, age of the head) and "market" (all other) sets of explanatory variables involved in the analysis of variance, as displayed in Figure 4.

question is not often asked due to the fact that statistics on earnings and incomes are usually separated. However, the *Social Stratification survey* has enabled us to investigate these manifold links. Various perspectives in terms of income indicators and scope of the population are compared in Table 5. The links between the heads' incomes and those of the household are closer than between the respondents' and the households' incomes; they are higher between personal and total household income than between personal and adjusted incomes; and, from adjusted incomes, equivalent income correlates more strongly than per capita income.

Variables mediating between personal and household incomes seem to be least important in Poland (as far as heads of households' incomes are concerned) and most important in Hungary (in all income indicators). The former Czechoslovakia lies in the middle, but the Czech Republic appears to be slightly more redistributive than Slovakia. Observing the gap between the heads' and respondents' indicators, Poland seems a strikingly "paternalistic" society (with the highest influence of the heads' income on household income), as opposed to Slovakia where the heads' and respondents' perspectives are closest. In the East-West comparison, all Central European countries seem to be very "social-democratic", with quite weak links between market incomes and final household well-being.<sup>10</sup>

Despite a comparatively strong influence of intervening variables, differences in household and equivalent income conform, in the economic status and job perspective, to disparities in earnings and other personal income (Table 6). They appear, however, as mostly attenuated or, in some cases, even inverted. This is also manifest in the relations of active and pensioner categories in per capita income: they are quite close in all countries except Poland, where the position of pensioners appears to be quite high, in contrast with that of the unemployed, which is quite low.

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<sup>10</sup>) I rely here on J. Fritzell's excellent analysis based on the Luxembourg Income Study database. Whereas he calculated Kendall's  $\tau_{b}$  between earnings of the head of the household and adjusted factor income was lowest in Germany (0.34), Norway (0.35) and Switzerland (0.38), comparative figures for Central European countries do not exceed 0.30 (Fritzell 1989).

### 3. Perceived changes: how many "revolutions"?

Career or economic success are usually measured in monetary terms. However, if markets are not well established, the explanatory power of money is limited. High inflation places the value of nominal incomes in doubt and an informal economy biases wage and labor market statistics. Moreover, money income as declared by respondents, is far to be reliable, because people usually underestimate their incomes, be it by the lack of knowledge or confidence. In such a situation, a subjective evaluation of an individual's financial position and its change over time appears equally useful. Well-being and poverty are always relative "social constructions" (Rainwater 1990) which could be better reflected by inquiring into people's minds than by inspecting their purses.

Concerning earnings patterns, more or less energetic steps towards better returns to business virtues, human capital and the service sector were assumed. We can, then, tentatively hypothesize about three kinds of "revolutions" in this sphere. The first is the *capitalist revolution*: the transition opened the road to free business, and it is entrepreneurs who gain the greatest profit from the re-introduction of the new market order. The second is the *information revolution*: the transformation should unlock the doors to technology and organizational innovations and allows the advancement people who are particularly highly qualified. The third is the expansion of the *service society*: the societal change is assumed to adjust the retarded economic structure towards the tertiary sector and eliminate the "Marxist" privileges of the production sector.

Taking into account the possibilities of those who have gained from the reforms, which of these hypotheses is best supported in individual countries? Which of the three potential "revolutions" is most likely to occur or has occurred already?

A telling picture is given by people's evaluation of whether their financial situation improved, stayed the same or became worse in the period 1988-1992. Central European countries differ quite considerably in this regard. The number of "winners" acknowledged is highest in the Czech Republic and lowest in Hungary. Of people 25-45 years old in 1988, 23% declared some improvement in the Czech Republic (versus 29% no change and 48% a worsening), 10% in Hungary (25% and 65%), 14% in Poland (20% and 66%) and 16% in Slovakia (21% and 62%).

Among people 55 and older in 1988, a negative evaluation was prevalent (*Social Stratification survey*).

Taking only the economically active population into account, all three mentioned "revolutions" seem to be under way in the Czech Republic (Figure 5). The "return of capitalism" is relatively the most important in view of the fact that the financial improvement is perceived as far greater for the new private and foreign sectors. The second is the promotion of the tertiary sector which, however, does not favour traditional services (like trade and catering) as much as social services (education, health, culture) and, even more, public administration and banking. The least important is "human capital advancement" as measured by the enrichment of people with higher education.

Considering the importance of private entrepreneurship for upward income mobility, the different starting positions of individual countries should be taken into account. Whereas even before 1989 Hungary and Poland witnessed higher income inequality, better rewards for educated people and weaker limitations on the private sector, the former Czechoslovakia entered the revolution as an untouched communist virgin with, however, the deepest capitalist ancestors. Therefore, more socio-economic channels have been used for promotion and mobility, and the Czech reform has addressed much greater sections of the population, be they new entrepreneurs, tertiary sector workers or better qualified people. The last category was, however, addressed less intensively than in Hungary and Poland.

Despite the fact that Slovak respondents do not appreciate the effects of reform for personal prosperity as much as Czechs, the evaluations are determined very similarly in both parts of the former Czechoslovakia. The only difference is the branch allocation of perceived economic success, which is less pronounced at both extremes, in public administration at the top and agriculture at the bottom. While the bureaucracy functioned right up to the end and has since gained still more in size and rewards, there has been a problematic transformation in agriculture, as is reflected in an extremely low endorsement of the reform.

In Hungary and Poland, recent changes are perceived as advantageous primarily along the educational hierarchy. The explanatory power of human capital is greater than that of the ownership sector and branch, and the distance between university and elementary education is higher there than in the Czech and Slovak Republics. It corresponds to the earnings disparities and return on education quite well.<sup>11</sup>

The data therefore suggest a somewhat "elitist" impact of recent changes in Hungary and Poland. Disparities according to the sector of ownership are far lower in those countries than in the former Czechoslovakia, where the growth effect of foreign or mixed capital is particularly great. The advancement of the tertiary sector is also relatively low in Hungary and Poland, but in both cases it is the "old" rather than "new" middle class which is upwardly mobile, i.e. trade and catering rather than administration.

There are no signs that countries have converged very much since 1992. According to the 1995 *SOCO survey*, in the last three years the ownership sector has still been more important for the evaluation of personal income mobility in the Czech Republic than in the other countries and is equally significant as the educational hierarchy when expectations for the near future are considered. In contrast with the support solely from white collar workers in Hungary and Poland, the current regime in the Czech Republic enjoys twofold middle class support, i.e. from both capitalists and intelligentsia. This is continuing despite the fact that the wage regulations limit better rewards for qualified people and the original enthusiasm for private entrepreneurship has decreased somewhat.

#### **4. Opinions about inequality: lasting criticisms**

The communist society appeared to be very equalized in terms of wages, income and the consumer market. Furthermore, people were indoctrinated and drilled in the ideology of equality,

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<sup>11</sup>) According to the Mincerian equation and 1992 Social Stratification data, one year of education increased the man's net earnings by 4.6% in the Czech Republic, 5.5% in Hungary and 6.1% in Poland.



so that higher incomes and wealth were always considered to be unfairly won. Even without this special training, people are always and everywhere sensitive towards high earnings and are reluctant to accept inequality as a "necessary evil" (Barry 1989). It is no wonder that under the communist regime, income equality became a sort of public good the state should supply.

Critical perceptions of current economic inequalities have therefore been emerging since the very beginning of the transformation (earlier evidence not being available). In 1991, the earliest for which we have comparative data, opinions that differences in earnings were too large prevailed in all countries of Eastern and Western Europe: 73% of Czechs and Slovaks, 91% of Hungarians and 76% of Poles held this view, but so did 73% of (West) Germans, 79% of Britons and 67% of Americans (*Social Justice 1991*).

Former communist countries contrast with Western societies not so much in the critical stance against too great an inequality, as in regarding - albeit by a minority of people - differences as being small (declared by about 18% of Czechoslovaks, Poles and East Germans). In these countries, however, inequalities are assessed as higher in comparison with the pre-1989 period: 45% of Czechs perceived social inequality as definitely "greater" while 50% of respondents saw it as "rather greater" in 1991 and the percentages were almost the same in 1993 also (*The Transformation of Social Structure, Opinions about Social Changes 1993*).

According to the 1995 data (Figure 6), a critical stance has reasserted itself in all countries, although least in the Czech Republic and most in Hungary. This contrasts with the evaluation of the situation five years ago, which is considered by a majority of people as offering "acceptable" inequalities. The socialist distribution of incomes seems then a distant ideal. Compared with the *1991 Social Justice* data, there is no systematic trend: inequalities are considered immense, somewhat more so in Hungary and somewhat less so in all other countries.

Lasting criticism is partly legitimized by direct experience when the costs of living have increased and households without extra incomes are being forced to dramatically limit their habitual expenditures.<sup>12</sup> There could also be several other explanations for such a shift. First: liberal

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<sup>12</sup>) According to official statistics, real wages dropped to 84% in the Czech Republic, 96% in Poland and 76% in Slovakia, and stayed the same in Hungary in the period of 1990-1993.

attitudes were a fashionable deviation at the beginning of the transformation but now people are returning to their socialist past. Second: the pendulum of history has reached the extreme right and is returning to the left, as recent political shifts to the left in Poland, Hungary and Slovakia have demonstrated. Third: for many people, the communist regime was quite advantageous, and they miss state protection in the new system.

Here the question of legitimacy arises. If income differences are mostly considered as too high they are also seen as unfair. People claimed little understanding for the equality/efficiency trade-off (Okun 1975) or the achievement ideology (Kreckel 1992) which legitimate inequality of incomes. Only a minority accepted the opinion that earnings inequalities are important for the prosperity of their countries: 33% in the Czech Republic, 21% in Hungary, 35% in Poland and 20% in Slovakia. While in the Czech Republic an "achievement" concept seems to prevail (earnings as reward for responsibility, skills and effort), Hungarians and Poles tend towards the "need" concept (earnings should take account of the family and the number of children) (*ISSP Social Inequality - 1992*).

In surveying various attitudes towards inequality, the legitimacy of wealth and responsibility for individual poverty, two independent factors were identified: the first stresses the re-distribution of goods to provide greater equality, while the second emphasizes individual responsibility for one's family's well-being.<sup>13</sup> In the distribution of the first factor, inter-country differences are slight with the Czech Republic the least committed to equality and Slovakia the most. Inter-country differences are much more striking in the distribution of the second factor, the main contrast here being between the Czech and Hungarian populations, with no difference between Slovaks and Poles (*Dismantling of the Safety Net and its Political Consequences*).

Although the Czech population is the most convinced about the usefulness of the market order, economic inequalities are still not fully legitimized in people's minds even there. A great majority of respondents (80%) do not accept new wealth as fairly acquired, or are suspicious about the procedure of privatization. Declarations of legitimacy are not so categorical regarding poverty. Nevertheless, according to *Economic Expectations and Attitudes* surveys, there is a increasing

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<sup>13</sup>) The separation of factors means that people asserting more individual responsibility do not necessarily declare less equality, and vice versa.

percentage of people who think that it is the society rather than individual who is responsible for his or her poverty (40% at the end of 1994).

The legitimacy of income inequality is not a separate judgement but is associated with a broader perception of the society. Here too important inter-country differences appear. Whereas most Poles and Hungarians regarded their societies as having a large base with a small middle and top, Czechs and Slovaks perceived the social structure as a regularly graduated pyramid or even, Czechs especially, as a middle class society (Table 7). The uniformity of answers is, however, highest in Poland and lowest in the Czech Republic.

### **5. Social policy perspective: how large is the income bottom?**

In purely statistical terms, the answer to this question is easy: the "bottom" of the income distribution is simply the lowest 10%, 20% or any other arbitrarily and relatively established category of the population. Such a calculation is useful when relating low incomes and other characteristics to the average or top. How large, however, is the income bottom in fact? There are several methods of calculation which provide different results.

According to the statistical/economic compromise, the income bottom is defined by a fixed distance from the average. Such a definition, widely used in poverty information and literature, is the *European Community poverty line*, calculated as half of an average (or median) equivalent household income (O'Higgins, Jenkins 1990) as we used it above. Following this calculation, in 1992 the number of poor households in the Czech Republic and Slovakia was 2-3% and in Hungary and Poland it was 7-8% (*SOCO database*). According to the EUROSTAT late 1980s figures, the lowest poverty rates (5-10% of households) within the European Community were in Belgium, Germany and the Netherlands, and these correspond to the Hungarian and Polish data (Ramprakash 1994).

Poverty can however be measured in subjective terms, by the distance from a commonly shared idea about the minimum subsistence income. This method, elaborated by a circle of Dutch and Flemish economists, returns much higher rates of poverty.<sup>14</sup> While in the most redistributive European countries such as the Netherlands and Luxembourg, subjective poverty amounts to 10-15% of households, the Czech Republic is similar to countries like Belgium or Ireland (Deleeck, Van den Bosch 1992). The rate of subjective poverty has increased in the Czech Republic from about 25% in 1992 to about 30% in 1994 (*Economic Expectations and Attitudes*).

Finally, it is also possible to ask people to locate themselves on a hypothetical income or social ladder. Here various surveys coincide quite well. In 1992, 14% of Czechs, 17% of Hungarians, 21% of Poles and Slovaks located themselves on the two lowest degrees of a 10-grade income ladder (*Social Stratification survey*). In 1995, 20% of Czechs, 32% of Hungarians, 37% of Poles and 31% of Slovaks located themselves on the two lowest degrees of a 7-grade income distribution (*SOCO survey*). Thus the distances between countries apparently increased. It seems also that after the split of Czechoslovakia, the standard of living and the perception of it deteriorated in Slovakia. This is the sole point in which the 1992 perception of income structure does not roughly correspond with less recent data.

When asked to self-evaluate themselves retrospectively according to their income position in 1988, respondents answered quite uniformly in all four countries and also very symmetrically, i.e. nearly in line with the normal distribution. This contrasts with the current 1993 location which has shifted markedly to the left (Figure 7). In this, results of the 1993 *Social Stratification survey* and the 1995 *SOCO survey* are similar. Close results are also given by the perceived 1992-1995 change where, again, the largest deterioration is registered in Poland and Slovakia.

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<sup>14</sup>) Two measurements were applied to the Czech data, i.e. the *Subjective Poverty Line* (SPL) and the *Centre for Social Policy* (CSP) approach. "Both subjective methods have as their aim the estimation of a minimum level of income with which it is possible to live 'decently'. Therefore this minimum income level is derived from answers by the households in the sample to the following question: "What is the minimum amount of income that your family, in your circumstances, needs to be able to make ends meet? Empirically, one finds that the answers to this question rise systematically with the actual income of the household. To derive the income standard, it is assumed that only households that are just able to balance their budget, i.e. that are on the brink of poverty, are able to give a useful estimate of what level of income correlates with a 'normal' standard of living. The difference between both subjective methods lies precisely in the way how they identify those households that are in the state of budgetary balance" (Deleeck, Van den Bosch 1992:109).

Subjective income ladders are only relative and do not limit the low income population in absolute terms. This can be given by people's estimation of financial comfort or difficulties. The bottom line of great difficulty confines 5% of households in the Czech Republic, 24% in Hungary, 27% in Poland and 10% in Slovakia as a vulnerable population (Figure 8). The percentages vary as multiples of those retrospective evaluations but the ordering of countries was maintained with the exception of Slovakia, where the situation was seen as better than in the Czech Republic in 1988 and currently is much worst in people's minds.

There are in fact several levels of income bottom. Three important thresholds were found in the Czech Republic. The first is limit of the "legal" poverty line and "extreme financial difficulties", which does not exceed 2-3% of households. The second one is the "feeling poverty" (people declaring that their family should be considered poor) and "great financial difficulties" thresholds, which includes around 8-10% of households. The third is the "subjective poverty" line, which encompasses about 30% of households of active heads and 40% of inactives (Figures 1 and 2).

These limits seem rather minimal in comparison with the other former communist countries. For Hungary, Poland and Slovakia, the percentages of households which have problems to make ends meet is about doubled in comparison with the Czech Republic and are close to a half of the populace. Disparities between economic status and social categories are enormous in all countries. Besides unemployed as the strongest vulnerable group, there are mostly farmers, agricultural and unskilled workers who are falling into or approaching poverty at most. Unlike the lowest occupational categories, pensioners are hit by poverty only slightly above the average in all countries.

## **6. Conclusion**

We should be frank and say that our surveys can never show incomes as they really are. On the one hand, people underestimate their incomes, whether for lack of self-evidence or self-restraint,

or even because they fear that the information could be misused. On the other hand, monetary income is a relatively unknown part of total economic resources, where incomes in kind, services supplied free of charge and various exchanges also play an important role. Post-communist countries in particular are characterized by a "portfolio of economies", meaning various degrees of legality and monetized and non-monetized forms of raising resources.<sup>15</sup>

Taking only monetary incomes, as they are presented by standard statistical surveys, it can be observed that distributions and disparities of early 1990s were a result of long-term development rather than of recent changes. Central European countries have tended to maintain their particular features, and differences between them do not appear to have either radically strengthened or weakened. Moreover, the timing, pace and forms of economic reforms are different and this emphasizes the perseverance of particular features.

Viewed from the Czech Republic, driving forces and rigidities can both be found here. Ancient capitalist roots combined with the recent communist legacy have created an unusual mixture. On the one hand, an encouraging space for private ventures opened up very suddenly and was widely used. On the other hand, wage regulation and strict tariffs seriously limited returns on education and more energetic steps in transforming the wage system. A careful social policy did not allow any extreme social charge to the population from the economic reform. Simultaneously, bureaucratic rule and state engagement still prevails over market forces, as is positively reflected in low unemployment and slow inflation, but contradictorily in a hesitant transformation of incentives and the "income mechanism" connecting personal effort with family well-being.

Viewed from the West, there are some clear signs of an adjustment of the system to the "standard" market economy. The range of income distribution is widening and the demographic determinants (as symptoms of state control over labor force reproduction), are increasingly being replaced by economic determinants (which indicate the emerging activity of market forces). Interestingly enough, there are no considerable differences between the East and West concerning criticisms against inequality and acceptance of the state's role in the economic life.

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<sup>15</sup>) The terminology here is that of R. Rose, who distinguished, in addition to the official, legal and monetized economy, three "social", non-monetized and a-legal economies (household production, help of friends and relatives and free connections) and three illegal, monetized economies (second economy, paid connections and use of foreign currency) (Rose 1992).

In the comparative perspective, marked differences in inequality can be seen. Polish society is likely to be the most unequal while Slovakia appears to be still equalized. Population vulnerable to poverty is much greater in Poland and Hungary than in the Czech Republic and Slovakia. However, only Poland is seen by the population as a society with a virtually non-existent middle class. While in the Czech Republic, 30% of the population falls within the highest (i.e. "subjectively consensual") poverty threshold, this figure far exceeds 50% in Hungary and Poland. The original very close similarity between the Czech Republic and Slovakia is slowly disappearing, despite of quite satisfactory development of the Slovak economy.

Challenges to social policy are, as usual, negatively correlated with the capacity and resources to solve problems. Despite a large budgetary excess and low poverty rate, the Czech government initiated and carefully prepared a radical "social reform" aiming to target many formerly universal benefits, diminish the state's engagement in social security and motivate people to take more responsibility for themselves. In contrast, no "coherent vision of social policy" acted in Poland which was already burdened by huge social problems (Ksiezopolski 1993:192) and where the state budget was even more loaded by politically provoked rapid increase in social benefits like early retirement pensions for unemployed people from a certain age.

It is clear that Central European countries would like to follow the generous welfare state model which spread in the West in the "golden" 1970s or, even more, the original Scandinavian social-democratic model. Currently there are problems on both sides. In the West, financial constraints require that the redistributive policy should be limited and market incentives strengthened. In the East, social policy ought to challenge a huge "new poverty" produced mostly by long-term unemployment (in Hungary and Poland) and the resulting polarization of societies. The burden of the central budget is far heavier here and this calls simultaneously for more business incentives resulting into a greater tax revenue and more redistribution solving the income insufficiency problem. Income inequality and its control through redistribution is threatening to become one of the hottest issues.

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## **Surveys used:**

### *"Social Stratification in Eastern Europe after 1989"*

International comparative research project "Social Stratification in Eastern Europe after 1989" conducted in early 1993. The principal investigators are Donald J. Treiman and Ivan Szelenyi, UCLA. National samples of the Czech Republic, Slovakia, Hungary, Poland, Russia and Bulgaria involve about 5000 adult respondents from each country.

### *"The Transformation of Social Structure"*

A survey conducted in September-October 1991 on a sample of 2850 adult respondents by the Institute of Sociology of the Academy of Sciences and the Institute of Socio-Political Sciences of Charles University in Prague.

### *"The Dismantling of the Safety Net and its Political Consequences"*

Survey conducted in October 1991. Coordinated and financed by the Institute of East West Security Studies, New York. The international file includes: the Czech Republic (1187), Slovakia (817), Hungary (1500) and Poland (1491).

### *"Social Inequality - 1992"*

Regular module of the ISSP (International Social Science Programme) series, realized in October, 1992. Four national files were used here: the Czech Republic (687), Slovakia (423), Hungary (1250) and Poland (1647).

### *"Opinions about Social Changes 1993"*

A survey conducted in October 1993 on a sample of 4737 adult respondents by the Institute of Sociology of the Academy of Sciences.

### *"Economic Expectations and Attitudes"*

A biannual survey organized by the socio-economics team of the Institute of Sociology of the Academy of Sciences headed by the author. The samples include about 1800-2200 adults in the Czech and Slovak republics.

### *SOCO Survey "The Social Consequences of Transition"*

Survey conducted in early 1995 on about 1000 households random samples of five countries (the Czech Republic, Hungary, Poland, Slovakia and the former Eastern Germany). The survey is a part of the project "Social Costs of Economic Transformation in Central Europe" (SOCO), launched by The Institute for Human Studies, Vienna.

### *SOCO Database*

Comparative tables (the Czech Republic, Hungary, Poland and Slovakia) of statistical and sociological data on the labor market, incomes, expenditures, poverty and attitudes gathered within the project "Social Costs of Economic Transformation in Central Europe" (SOCO).

**Luxembourg Income Study database:**

Country	Year of survey	N of households (analytic samples)
Belgium	1988	2099
France	1984	7616
Germany	1989	2687
The Netherlands	1987	2591
Italy	1986	4590
Sweden	1987	5633
UK	1986	3733
USA	1991	9725
Canada	1991	13036
Australia	1985	4799
Poland	1986	6678

**Table 0. Macroeconomic indicators in 1991-1994**

	Czech R.	Hungary	Poland	Slovakia
<i>GDP growth in %</i>				
1991	-14.2	-11.9	-7.6	-14.5
1992	-6.4	-4.3	2.6	-7.0
1993	-0.9	-2.3	3.8	-4.1
1994	2.6	2.0	5.0	4.8
<i>GNP per inhabitant in USD in 1994</i>				
official exchange rate	3490	3993	2333	2319
adjusted to PPP <sup>x)</sup>	8201	6988	5272	6887
<i>Private sector share of GDP in mid-1994 in %</i>				
	65	55	55	30
<i>Inflation (previous year= 100)</i>				
1991	56.6	35.0	70.3	61.2
1992	11.1	24.0	43.0	10.0
1993	20.8	22.5	35.3	23.2
1994	10.2	18.8	32.2	13.4
<i>Population above working age / population in working age %</i>				
1991	34.9	38.1	22.9	30.0
1992	34.5	38.0	23.3	31.4
1993	34.6	37.9	23.5	31.2
1994	34.2	37.8	23.7	29.4
<i>Unemployment in %</i>				
1991	2.6	8.5	12.3	11.8
1992	2.6	12.3	13.6	10.4
1993	3.5	12.1	16.4	14.4
1994	3.2	10.4	16.0	14.8
<i>Monthly wages in USD (official exchange rate)</i>				
1991	128.5	240.0	165.9	
1992	164.3	281.9	215.4	150.7
1993	200.3	295.7	220.3	174.6
1994	239.6	316.1	240.6	196.1
<i>Monthly wages in USD (adjusted to PPP)<sup>x)</sup></i>				
1991	431.8	489.6	381.6	
1992	453.5	499.0	473.9	471.7
1993	508.8	514.5	508.9	525.5
1994	563.1	553.2	543.8	582.4

Sources: EUROSTAT, EBDR Transition report, October 1994.

<sup>x)</sup> For the calculation, PPP (Purchasing Power Parity) was used as referred by Havlik 1994.

**Table 1. Gross earnings according to quintiles shares in 1988-1992 (%)**

	Czech R.		Hungary		Poland		Slovakia	
	1988	1992	1989	1992	1989	1992	1988	1992
1	11.9	11.6	8.9	8.4	12.7	11.2	12.0	12.6
2	15.7	15.2	13.4	12.7	16.1	14.6	15.8	15.6
3	19.2	18.4	17.2	16.4	18.5	17.2	19.0	18.5
4	22.8	22.4	22.0	21.6	21.5	21.0	22.8	22.1
5	30.4	32.4	38.5	40.9	31.2	36.0	30.4	31.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio Q5/Q1	2.5	2.8	4.3	4.9	2.5	3.2	2.5	2.5
Gini	0.19	0.21	0.29	0.32	0.18	0.25	0.18	0.18

Source: SOCO database.

**Table 2. Net personal income according to economic activity and occupational category in 1992 (%)**

	Czech R.	Hungary	Poland	Slovakia
Upper non-manual	142.8	159.1	165.5	147.9
Routine non-manual	95.2	116.1	91.5	93.2
Self-employed	176.6	85.2	191.5	149.9
Supervisors and skilled	110.6	128.3	112.7	109.7
Semi- and unskilled	96.7	113.1	105.7	95.5
Agricultural workers	99.3	93.7	70.5	93.5
Total employed	115.8	125.0	120.5	115.0
Unemployed	80.6	68.7	45.1	79.6
Pensioners	70.9	76.9	100.6	69.4
Other	62.7	55.7	54.6	72.6
Total	100.0	100.0	100.0	100.0

Source: Social Stratification in Eastern Europe after 1989.

**Table 3. Net household income according to quintiles shares in 1988-1992 (%)**

	Czech R.		Hungary		Poland		Slovakia																																																																																																			
	1988	1992	1989	1992	1989	1992	1988	1992																																																																																																		
<i>A. Total household income</i>																																																																																																										
1	6.6	7.0	7.0	6.5	5.9	7.4	6.5	7.6																																																																																																		
2	13.5	12.7	13.0	12.2	12.3	13.2	13.7	13.6																																																																																																		
3	19.9	17.9	18.3	17.5	18.3	18.1	20.0	18.7																																																																																																		
4	25.4	24.0	24.1	23.8	24.5	24.1	25.0	24.2																																																																																																		
5	34.6	38.4	37.6	40.1	39.1	37.2	34.8	35.8																																																																																																		
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0																																																																																																		
Ratio Q5/Q1	5.2	5.5	5.4	6.2	6.6	5.0	5.4	4.7																																																																																																		
Gini	0.29	0.32	0.31	0.34	0.33	0.30	0.29	0.28																																																																																																		
<i>B. Per capita income</i>																																																																																																										
1	12.0	11.4	10.9	10.0	9.1	8.9	11.9	11.7																																																																																																		
2	15.6	15.3	14.8	14.0	13.9	13.7	15.7	15.6																																																																																																		
3	18.4	17.9	17.8	17.2	18.0	17.8	18.6	18.9																																																																																																		
4	22.3	21.5	22.0	22.0	22.9	23.1	22.4	22.4																																																																																																		
5	31.8	33.9	34.5	36.8	36.2	36.4	31.5	31.5																																																																																																		
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0																																																																																																		
Ratio Q5/Q1	2.6	3.0	3.2	3.7	4.0	4.1	2.6	2.7																																																																																																		
Gini	0.20	0.22	0.23	0.27	0.27	0.28	0.19	0.20																																																																																																		
<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="3"></th> <th colspan="4"><i>A. Total household income</i></th> <th colspan="4"><i>B. Per capita income</i></th> </tr> <tr> <th colspan="2">East Germany</th> <th colspan="2">West Germany</th> <th colspan="2">East Germany</th> <th colspan="2">West Germany</th> </tr> <tr> <th>1990</th> <th>1993</th> <th>1990</th> <th>1993</th> <th>1990</th> <th>1993</th> <th>1990</th> <th>1993</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>6.7</td> <td>7.6</td> <td>7.4</td> <td>7.4</td> <td>11.5</td> <td>10.0</td> <td>8.7</td> <td>7.4</td> </tr> <tr> <td>2</td> <td>13.2</td> <td>13.1</td> <td>12.8</td> <td>12.6</td> <td>15.5</td> <td>15.1</td> <td>13.3</td> <td>12.6</td> </tr> <tr> <td>3</td> <td>19.5</td> <td>18.1</td> <td>17.6</td> <td>17.8</td> <td>18.5</td> <td>18.6</td> <td>17.3</td> <td>17.8</td> </tr> <tr> <td>4</td> <td>25.6</td> <td>24.4</td> <td>23.7</td> <td>24.2</td> <td>22.8</td> <td>22.9</td> <td>22.7</td> <td>24.2</td> </tr> <tr> <td>5</td> <td>35.0</td> <td>36.7</td> <td>38.5</td> <td>38.1</td> <td>31.7</td> <td>33.4</td> <td>38.0</td> <td>38.1</td> </tr> <tr> <td>Total</td> <td>100.0</td> <td>100.0</td> <td>100.0</td> <td>100.0</td> <td>100.0</td> <td>100.0</td> <td>100.0</td> <td>100.0</td> </tr> <tr> <td>Ratio Q5/Q1</td> <td>5.2</td> <td>4.8</td> <td>5.2</td> <td>5.1</td> <td>2.8</td> <td>3.3</td> <td>4.4</td> <td>5.1</td> </tr> <tr> <td>Gini</td> <td>0.29</td> <td>0.29</td> <td>0.31</td> <td>0.31</td> <td>0.20</td> <td>0.23</td> <td>0.29</td> <td>0.30</td> </tr> </tbody> </table>											<i>A. Total household income</i>				<i>B. Per capita income</i>				East Germany		West Germany		East Germany		West Germany		1990	1993	1990	1993	1990	1993	1990	1993	1	6.7	7.6	7.4	7.4	11.5	10.0	8.7	7.4	2	13.2	13.1	12.8	12.6	15.5	15.1	13.3	12.6	3	19.5	18.1	17.6	17.8	18.5	18.6	17.3	17.8	4	25.6	24.4	23.7	24.2	22.8	22.9	22.7	24.2	5	35.0	36.7	38.5	38.1	31.7	33.4	38.0	38.1	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Ratio Q5/Q1	5.2	4.8	5.2	5.1	2.8	3.3	4.4	5.1	Gini	0.29	0.29	0.31	0.31	0.20	0.23	0.29	0.30
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Source: SOCO database, GSOEP (personal communication from Klaus Müller).

**Table 4. Regression analysis of the net total household and per capita income (households with the head 25-54 years, standardized regression coefficients)**

	Ln household income			Ln per capita income			
	Adult	Child	R <sup>2</sup>	Adult	Child	Household income	R <sup>2</sup>
<i>Luxembourg Income Study (late 1980s):</i>							
Belgium	0.371	0.240	0.164	-0.553	-0.681	0.926	0.938
France	0.315	0.190	0.141	-0.360	-0.316	0.959	0.950
Germany	0.282	0.038	0.082	-0.370	-0.400	0.946	0.971
The Netherlands	0.370	0.034	0.141	-0.483	-0.630	0.773	0.952
Italy	0.256	0.001	0.065	-0.316	-0.318	0.904	0.869
Sweden	0.531	0.120	0.352	-0.518	-0.649	1.049	0.970
UK	0.425	0.060	0.183	-0.427	-0.548	0.939	0.963
USA	0.398	0.010	0.160	-0.378	-0.470	0.944	0.944
Poland	0.497	0.047	0.245	-0.436	-0.607	0.941	0.914
<i>CZ Microcensuses:</i>							
Czech R. 1988	0.679	0.288	0.564	-0.642	-0.962	0.982	0.880
Czech R. 1992	0.445	0.138	0.205	-0.412	-0.467	1.049	0.985
<i>Social Stratification in Eastern Europe (1992)</i>							
Czech R.	0.450	0.126	0.252	-0.332	-0.663	0.827	0.812
Slovakia	0.329	0.177	0.171	-0.350	-0.635	0.804	0.807
Hungary	0.420	0.103	0.207	-0.336	-0.542	0.927	0.871
Poland	0.268	0.012	0.072	-0.335	-0.499	0.810	0.875

Sources: Luxembourg Income Study, Microcensus 1989, Microcensus 1992, Social Stratification in Eastern Europe after 1989.

**Table 5. Correlations between the net personal and household incomes in 1992 (Pearson correlation coefficients)**

	Czech R.	Hungary	Poland	Slovakia
<b>All households</b>				
<i>Personal income of the head of household</i>				
Total household income	0.67	0.56	0.79	0.69
Per capita income	0.54	0.53	0.73	0.61
Equivalent income	0.63	0.58	0.76	0.67
<i>Personal income of the respondent</i>				
Total household income	0.51	0.43	0.39	0.59
Per capita income	0.24	0.23	0.33	0.32
Equivalent income	0.33	0.30	0.36	0.40
<b>Households with the head 25-54 old</b>				
<i>Personal income of the head of household</i>				
Total household income	0.68	0.58	0.77	0.74
Per capita income	0.54	0.55	0.69	0.66
Equivalent income	0.64	0.62	0.73	0.73
<i>Personal income of the respondent</i>				
Total household income	0.50	0.47	0.50	0.65
Per capita income	0.21	0.24	0.42	0.36
Equivalent income	0.30	0.35	0.45	0.45

Sources: Social Stratification in Eastern Europe after 1989.



**Table 6. Net household income according to economic activity and occupational category of the head in 1992 (%)**

	Czech R.	Hungary	Poland	Slovakia
<i>A. Total household income</i>				
Upper non-manual	123.7	136.6	134.6	123.2
Routine non-manual	102.1	99.8	98.5	96.5
Self-employed	126.6	114.8	127.0	120.5
Supervisors and skilled	106.0	110.0	94.3	101.8
Semi- and unskilled	99.4	106.3	95.0	98.8
Agricultural workers	99.2	98.7	99.4	96.1
<b>Total employed</b>	<b>109.7</b>	<b>113.7</b>	<b>107.1</b>	<b>106.7</b>
Unemployed	98.4	88.9	72.6	89.0
Pensioners	69.4	77.6	91.0	82.3
Other	107.8	88.5	86.4	87.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>B. Per capita income</i>				
Upper non-manual	119.5	130.5	144.4	121.3
Routine non-manual	103.2	101.9	102.3	103.2
Self-employed	116.0	106.2	115.2	106.0
Supervisors and skilled	94.9	99.2	86.6	90.9
Semi- and unskilled	92.0	98.3	88.6	90.4
Agricultural workers	84.4	88.4	84.9	88.5
<b>Total employed</b>	<b>101.9</b>	<b>105.7</b>	<b>102.7</b>	<b>99.9</b>
Unemployed	87.0	80.6	67.4	79.0
Pensioners	95.1	98.5	116.7	108.6
Other	98.3	82.0	91.5	93.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Social Stratification in Eastern Europe after 1989.

**Table 7. Households declaring to not get along according to economic activity and occupational category of the head in 1995 (%)**





	Czech R.	Hungary	Poland	Slovakia
<i>Observed values:</i>				
Owners and entrepreneurs	7.9	15.3	19.5	34.4
Self-employed	13.3	27.2	17.3	23.0
Upper non-manual	10.3	22.8	20.8	27.3
Routine non-manual	12.3	44.6	44.7	37.5
Supervisors and skilled	21.6	38.3	43.6	46.6
Semi- and unskilled	37.0	55.3	67.8	47.4
Farmers and agriculture	31.7	62.5	61.3	59.1
Unemployed	55.5	73.5	77.2	75.0
Pensioners	24.8	48.8	54.2	43.6
Total	22.6	46.3	52.5	42.5
<i>Adjusted to the individual countries' averages:</i>				
Owners and entrepreneurs	35.0	33.0	37.1	57.4
Self-employed	58.8	58.7	33.0	54.1
Upper non-manual	45.6	49.2	39.6	64.2
Routine non-manual	54.4	96.3	85.1	88.2
Supervisors and skilled	95.6	82.7	83.0	109.6
Semi- and unskilled	163.7	119.4	129.1	111.5
Farmers and agriculture	140.3	135.0	116.8	139.1
Unemployed		158.7	147.0	176.5
Pensioners	109.7	105.4	103.2	102.6
Total	100.0	100.0	100.0	100.0

Source: SOCO Survey "The Social Consequences of Transition".

Based on the question:

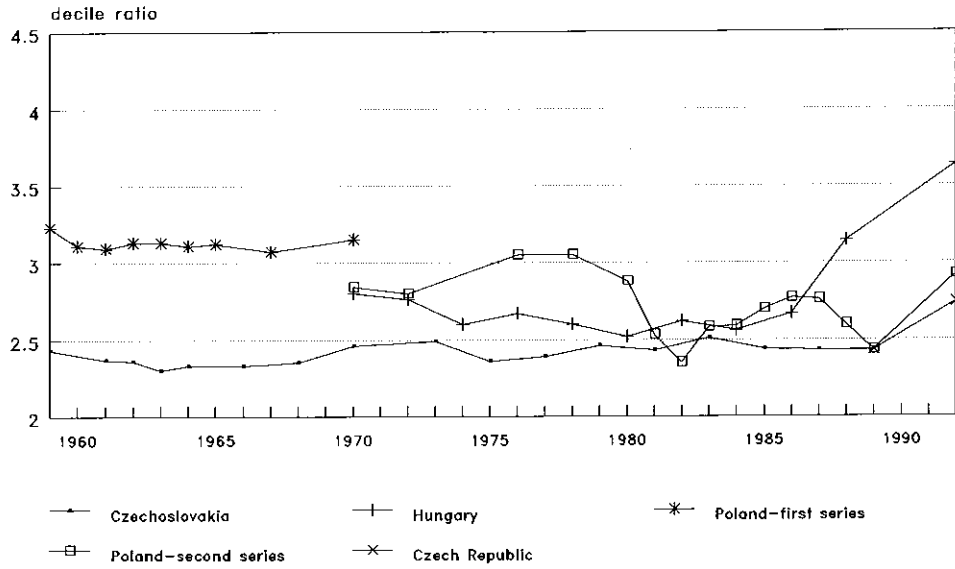
*"Was the sum of your net household income sufficient to get along, to cover the needs which are customary? Please rate on a scale of 5 grades" (two lowest being summed up in the Table).*

**Table 8. Perception of social stratification in 1992 (%)**

	Czech R.	Hungary	Poland	Slovakia
	22.4	36.0	50.3	58.0
	39.2	38.4	32.5	21.4
	13.9	8.9	6.8	7.0
	21.2	14.3	7.1	8.8
Other and no answer	3.3	2.4	3.3	4.8
Total	100.0	100.0	100.0	100.0

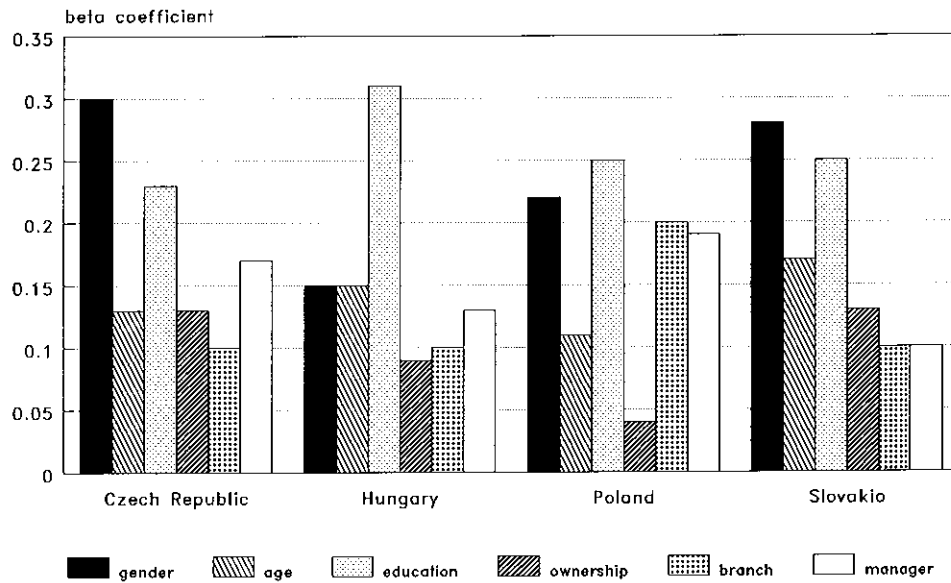
Source: Social Inequality - 1992.

Figure 1  
Inequality in earnings



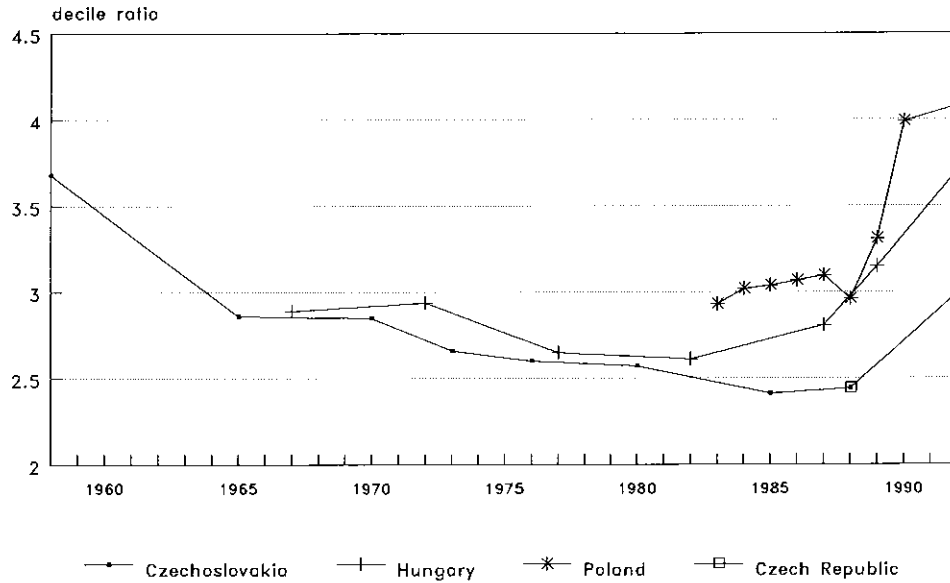
Source: Atkinson, Micklewright; S.Yearb.

Figure 2  
Determinants of disparities in earnings



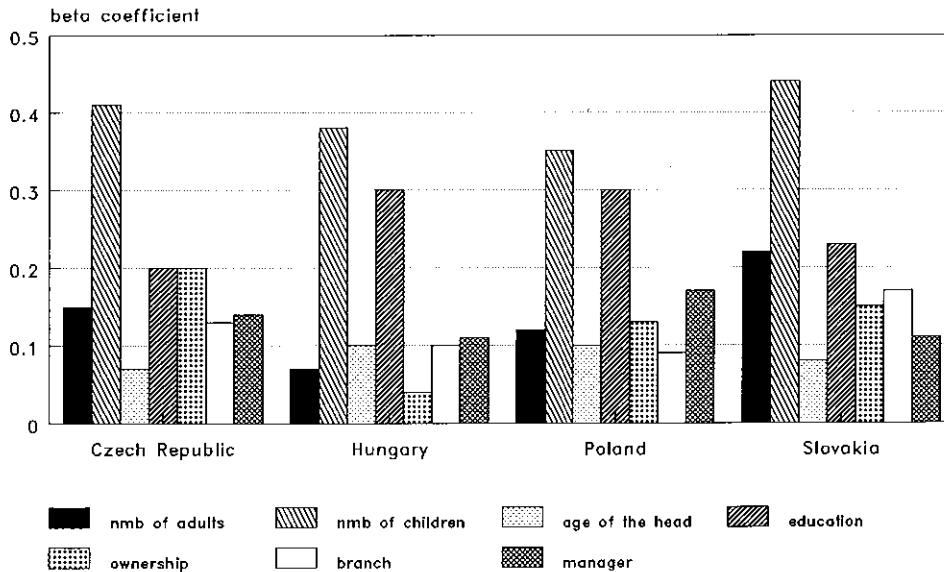
Source: Social stratification 1993.

Figure 3  
Inequality in incomes per capita



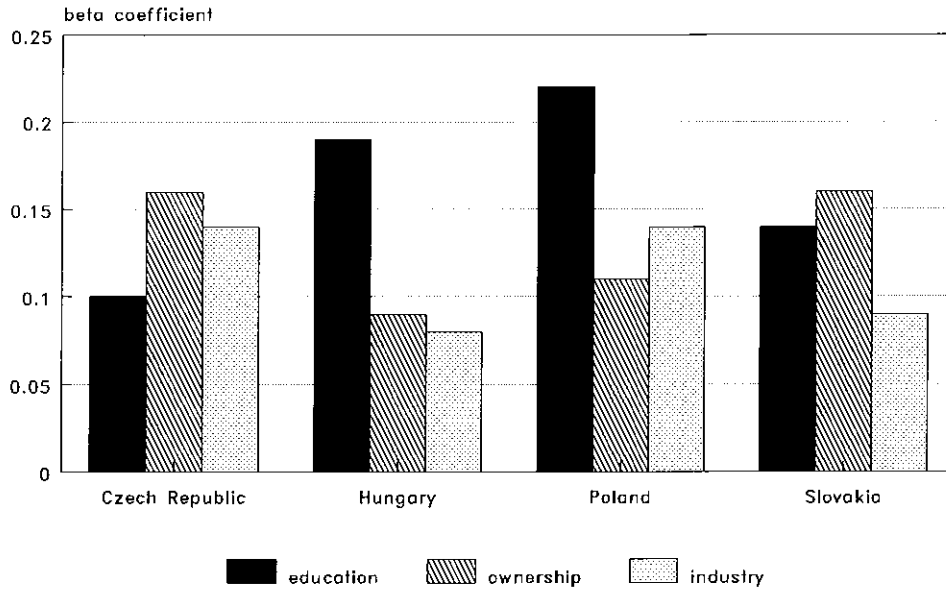
Source: Atkinson, Micklewright; S.Yearb.

Figure 4  
Determinants of disparities in eq income



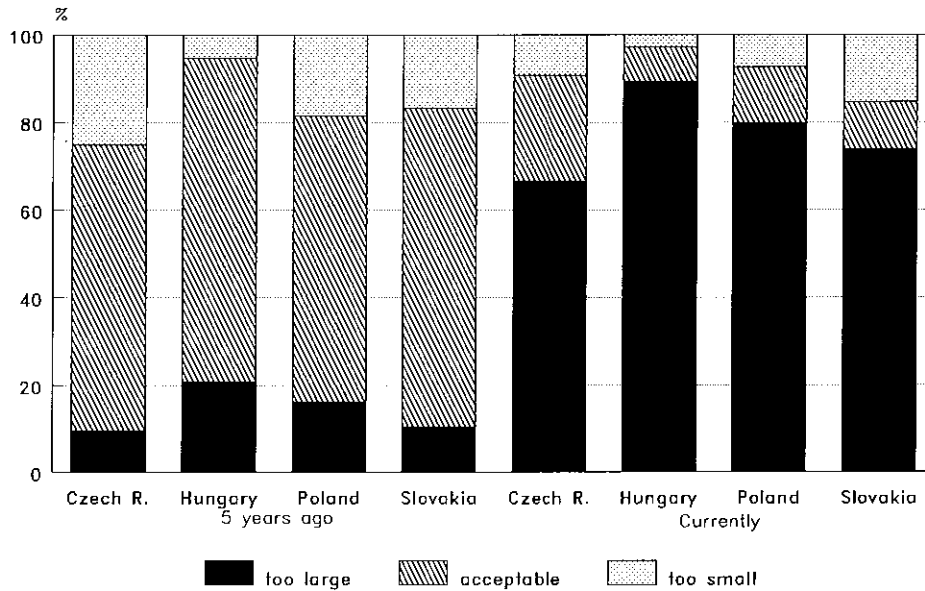
Source: Social stratification 1993.

Figure 5  
Determinants of income mobility 1988–92



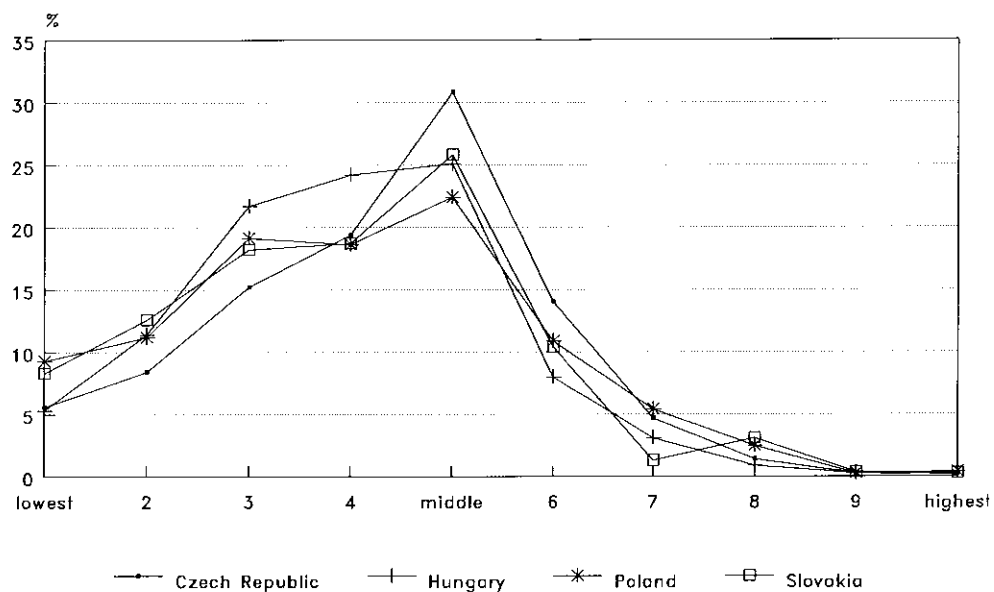
Source: Social stratification 1993.

Figure 6  
Opinions about income differentials



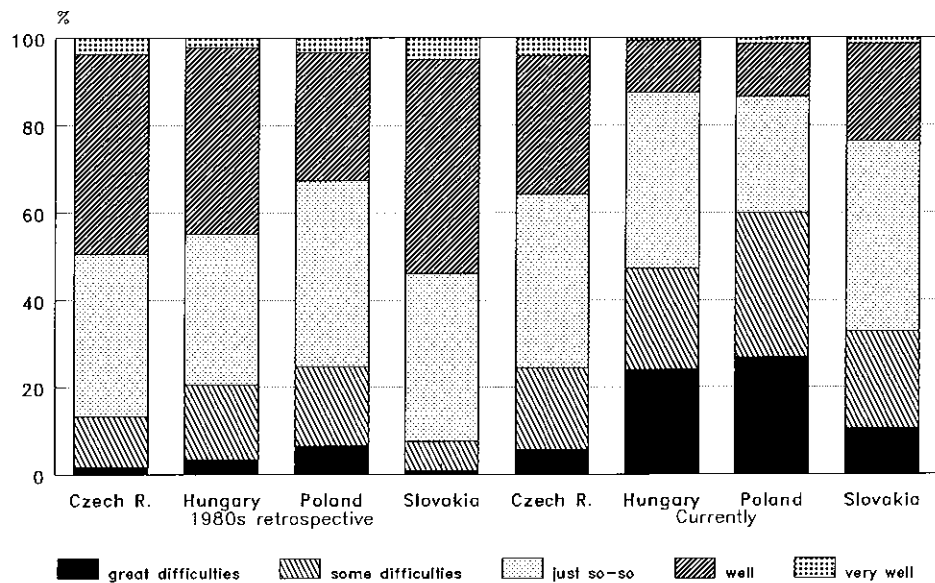
Source: SOCO survey 1995.

Figure 7  
Subjective income scale



Source: Social stratification 1993.

Figure 8  
Financial difficulties of households



Source: SOCO survey 1995.