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## Nothing left to lose? Poverty and social exclusion in comparison. Empirical evidence on Germany

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Nothing Left to Lose?  
Poverty and Social Exclusion in Comparison  
Empirical Evidence on Germany

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## Abstract

The assumption that today's society is polarised, is a very popular one in the current public and scientific debate. Access to the labour market is referred to as the main characteristic, which decides whether someone is "inside" or "outside". Lots of theoretical and conceptual efforts have been undertaken to establish dimensions and characteristics of social exclusion, addressing processes of denied participation – socially, economically, politically or culturally. Nevertheless, poverty and social exclusion as two descriptions of severe social inequality have often been mixed up, and hypothesis about their interrelation and characteristics have hardly been tested empirically. Is poverty the first stage on the way "out of society", or are there considerable differences between the risk of becoming poor or socially excluded? In this contribution I propose the conceptualization and operationalization of social exclusion tendencies on the basis of the German Welfare Survey 1998. First of all, the multidimensionality of social exclusion is analysed to gain an insight into its structure. Of particular interest is the question how cumulative social disadvantages show their effect on perceived social exclusion in the view of the respondents. Furthermore, I concentrate on the relationship between poverty and social exclusion and compare the determinants of becoming poor and socially excluded.

Die Annahme, daß sich die Gesellschaft polarisiere, ist gegenwärtig in der öffentlichen Diskussion und politischen Debatte sehr populär. Der Zugang zum Arbeitsmarkt, so eine Hauptthese der deutschen Debatte um soziale Ausgrenzung, bestimme wesentlich darüber, ob jemand „drinnen“ oder „draußen“ sei. Soziale Ausgrenzung zielt auf die nicht mehr gewährleistete Teilhabe in vielfältiger Hinsicht: sozial, ökonomisch, politisch und kulturell. Armut und soziale Ausgrenzung als zwei Beschreibungen extremer sozialer Ungleichheit werden dabei oft vermischt, ohne dass Hypothesen über ihre Verbindung und ihre spezifischen Charakteristika empirisch überprüft worden wären. Führt existentieller Geldmangel unabdingbar zu einer Gefährdung sozialer Integration? Oder lassen sich wesentliche Unterschiede zwischen dem Armuts- und dem Ausgrenzungsrisiko ausmachen? In diesem Beitrag wird mit Hilfe von Daten des Wohlfahrtssurveys 1998 eine Konzeptionalisierung und Operationalisierung sozialer Ausgrenzungstendenzen vorgeschlagen. Von Interesse ist zum einen die Struktur und das Ausmaß kumulativer sozialer Benachteiligung. Darüber hinaus wird analysiert, ob prekäre Lebenslagen mit subjektivem Ausgrenzungsempfinden einhergehen und welche Voraussetzungen sozialstruktureller Art gegeben sein müssen, um von Armut oder sozialer Ausgrenzung bedroht zu sein.



## Contents

Introduction .....	5
1 Social Exclusion in the Political and Scientific Debate .....	6
2 How to Measure Social Exclusion: A Proposal of Dimensions and Indicators .....	12
3 The Situation in Germany: Empirical Results .....	15
3.1 The Extent of Poverty and Tendencies of Social Exclusion .....	15
3.2 The Structure of Multidimensional Disadvantages .....	18
3.3 Are the Poor Socially Excluded? .....	22
3.4 Determinants of Becoming Poor or Socially Excluded .....	24
Conclusions .....	28
Appendix .....	30
References .....	32
Notes .....	35



## Introduction<sup>1</sup>

Social exclusion has become a common term in both political debates as well as in social inequality research. Persistent high unemployment rates, poverty risks and changes in the market economy of high-developed European countries have spurred a discussion about welfare state policy and state expenditure reduction. The concept of social exclusion is meant to stress new aspects of social inequality as a result of these developments. It covers major findings of recent poverty research; above all that poverty cannot be reduced to the lack of financial resources alone. In short, social exclusion focuses attention on weakened possibilities to participate in social life in a multidimensional and dynamic perspective.

There are many definitions concerning exclusion and integration, rooted in different research traditions. However, the acceptance of the terms has neither been accompanied by well-established theoretical frameworks nor by empirical verification. Nevertheless, the close connection between the social exclusion debate and social policy evaluation requires a precise and careful empirical registration of ongoing processes on a representative database.

The questions to be dealt with in this paper touch some very basic issues: is there a considerable difference both on the theoretical and empirical level of poverty and social exclusion, how can we measure social exclusion, and what do we gain shifting from poverty to social exclusion terminology? I will first of all give a brief overview of the emergence of the social exclusion concept as well as of its underlying dimensions and relationship to poverty research. Second, efforts to operationalize and measure social exclusion are introduced and discussed. Indicators of objective living conditions and subjective well-being are used to monitor tendencies of social exclusion in Germany. Main interest is laid upon the multidimensional structure of social exclusion, the relationship between several material deficiencies and limited chances to realize social participation, and on the determinants of becoming poor or socially excluded in comparison.

I will offer empirical impressions to shed some light on two main implications of the social exclusion debate: One hypothesis is that the more disadvantages a person suffers from in distributional terms – like for example low income, low standard of living, bad housing conditions – the more he or she suffers from broken social relationships, weak political participation, symptoms of anomie or other non-material deficiencies. The combination of



both aspects of disadvantages – distributional and participatory – serves as the key element of the social exclusion definition (Room 1995, Martin 1996). And, second, long-term unemployment and low income are implicitly regarded as the core of social exclusion, which bring about an unbridgeable gap between “insiders” and “outsiders” (Kronauer 1997, 1999, Herkommer 1999). With representative data from the German Welfare Survey 1998 the empirical substance of the social exclusion approach can be analysed in this perspective as well.<sup>2</sup>

## 1 Social Exclusion in the Political and Scientific Debate

The term “social exclusion”, although rooted in academic discussions of the 1960s and 1970s, did not reach the European Union context until the late 1980s, where it became an issue of broader social policies and debates. Poverty aspects were replaced by the social exclusion concept and one major concern was to stress the need for a multidimensional approach to study social disadvantages. The understanding of social exclusion as launched by the European Commission combines two different research traditions: to put it in exaggerated terms, this is poverty research in an Anglo-Saxon tradition on the one hand, which concentrates on the distributional aspects of poverty and social disadvantages, whereas on the other hand the French perspective emphasises issues of inadequate social participation like lack of power or disruption of social ties. The combination of both is meant to develop a broader perspective on social inequality than poverty research could offer, which is usually restricted to the material dimension. Thus, such an understanding of social exclusion is closely linked to notions of citizenship and social rights. The term covers a mixture of an extended poverty research, policy analysis and ideas of social order and integration, which makes it most difficult to grasp its analytical dimensions and potential.

Social Exclusion is unanimously defined as a multidimensional, comprehensive and dynamic concept. Changes in labour market organisation and social security systems result – as it is hypothesised – in limited chances of individual participation, economically, socially, culturally as well as politically. Beyond this abstract definition of social exclusion,

there is an agreement that further explanation depends on national mechanisms of social integration and related discourses of moral values and social justice (Silver 1995). Thus, social exclusion analysis can focus attention on different aspects depending on the modus of social integration it is referring to. In Germany research is mainly concentrated on labour market performance, whereas the spatial dimension, closely related to a notion of an „underclass“, dominates the discourse in the United States<sup>3</sup>, in France special emphasis is laid upon aspects of solidarity and civil society (Silver 1995, Paugam 1998). Furthermore, social exclusion is meant to address a new phenomenon of social inequality, contrasting or supplementing the hierarchical and vertical models of society. Inequality is seen in polarized terms like “inside” and “outside” or “centre” and “periphery” and, as another assumption, it can no longer be sufficiently explained with reference to class structures alone (Offe 1994, Bude 1998).

This summary of the main characteristics of social exclusion goes back to an enormous amount of literature, which refers to definitions of social exclusion as well as to the development of the concept and studies on special aspects (Andreß 1997, Bude 1998, Cousins 1998, Herkommer 1999, Jordan 1996, Kronauer 1997, 1998, 1999, Kuhm 2000, Leisering 2000, Littlewood and Herkommer 1999, Paugam 1998, Rodgers et al. 1995, Room 1995, Siebel 1997). However, when we review this literature under the aspect of measurement possibilities and in order to understand the relationship between poverty and social exclusion properly, some critical points and open questions arise.

## Polarization

Social exclusion defined in maximum terms (no chance to take part in social life anymore) is such an extreme position that hardly anyone could be identified as totally excluded, especially since the understanding of the approach is not focusing on homelessness, drug abuse or criminal offences in the first place. In order to understand and describe processes and risks of social exclusion that are related to unemployment or restricted access to social benefits we better focus on reduced social participation as a gradual phenomenon, as a continuum of combined and accumulated disadvantages. Terms like marginalisation or precarity might fit the subject in an empirical perspective much better, because there is no visible and sharp line between Inside and Outside. Under this perspective the term “social exclusion” as such has some misleading implications, because its main characteristic is the

polarisation: being part of society, yes or no. In empirical terms, however, the accumulation process of several disadvantages suggests to take the gradual category of more or less as a starting point into account (Leisering 2000).

### Dominance of the Labour Market Performance

Social exclusion at the European Union level is closely related to social policy activities. It is connected with insufficient access to education and training facilities, inadequate labour market positions and low income. In this view, unemployment and reduced social security expenditures endanger social participation and integration as a logical consequence. Labour market performance and material resources are the dominant categories, which determine further deficiencies in other life domains according to this perspective. At least we need empirical verification if such a linear connection between labour market integration and social integration is still valid and which mechanisms ensure social integration nowadays – according to actual debates this might not be such an overall valid mechanism social exclusion research is implicitly referring to (Peters 1993, Heitmeyer 1997a, b, Friedrichs and Jagodzinski 1999).

### Social Exclusion – Theoretically and Practically

Until now we only deal with an empirical term of social exclusion not clearly connected with theoretical thinking. If we take theories of functional differentiation as a starting point, we can focus attention on polarisation, cumulative aspects and on disadvantages in different social systems (Luhmann 1995, Nassehi 1997, Kronauer 1998). But up to now a convincing connection between differentiation in the perspective of system theory and issues of social inequality has just started to be drawn (Schimank 1998, Burzan and Schimank 2000, Schwinn 2000). From the empirical point of view such a theoretical reflection is important, but not able to offer helpful measurement rules for every single domain social exclusion research is meant to address, and, second, hypotheses about the structure of accumulation procedures are not easy to derive from. The notion of social integration in empirical research is one of a very imprecise “good life”, an aim, which must be specified in its concrete

dimensions and its normative reference point as well (social rights) to be a helpful guideline for operationalisation procedures and hypothesis construction.

### Subjective Perception of Social Exclusion

Criticising these points, differentiated forms of social integration and its subjective perception become the centre of attention. In contrast to empirical poverty research, which is usually restricted to material dimensions, research dealing with the complex notion of social exclusion is confronted with several disadvantages, reinforcing, complementing or abolishing each other. The individual's perception of restricted possibilities to take part in social life becomes most important in this perspective. The question if people who suffer from several disadvantages really feel socially marginalized or excluded, is a very promising, but up to now a neglected one. From a methodological point of view, such a dependent variable – perceived social exclusion – offers the possibility to get insight into the structure and the determinants of social exclusion.

### Poverty and Social Exclusion

The relationship between poverty and social exclusion is not yet clear; both concepts are often mixed up or taken together. Is poverty (in terms of income or standard of living) one minor category of the broader exclusion concept, is it a precondition of becoming socially excluded, or do we only have different terms for a single phenomenon?

From an analytical point of view it is necessary to underline the major differences in order to monitor the phenomena on an empirical level. Table 1 summarizes the main points in an ideally constructed manner:

- Poverty is restricted to financial resources, whereas the social exclusion concept goes beyond the material dimension and has a much broader focus on reinforcing processes of social disadvantages.
- Its reference point is to ensure social integration and participation, not only the distribution of resources.

- The two approaches focus on different aspects of social justice, poverty emphasises inequality in distributive terms, social exclusion points out the necessity of formal social participation and integration with reference to social rights.

In such a perspective poverty in terms of income could well be one aspect of social exclusion. The dominant pattern behind the social exclusion approach is, first, the doubt that mass unemployment and social security expenditure reduction can go without consequences for social integration, and, second, that such a development endangers the stability of society as a whole. Another argument strengthens efforts to differentiate precisely between poverty and social exclusion: the mixing up of both approaches inhibits the development of social policy instruments to be precise in targeting risk groups. As already mentioned above, a summary of the main aspects of social exclusion in order to take hold of the phenomenon on an empirical level, obviously has to cope with one contradiction: social exclusion is referred to as a process of accumulated disadvantages; at the same time polarisation (inside or outside of society) serves as a differentiation characteristic to mark-off poverty. Social exclusion research implicitly assumes that the process of reinforcing cumulative disadvantages results in denied access to social institutions and social rights. In order to get insight into the logic of such “vicious circles”, the accumulation process as such must be in the centre of empirical analyses. The unsolved problem remains: polarisation on the theoretical level does not meet the different grading of cumulative disadvantages on the empirical level.

Furthermore, with recent developments in poverty research the reduction of poverty measurement to be static and income-based is not valid anymore. Efforts have been undertaken to cover subjective poverty lines as well as to include dynamic approaches and standard of living aspects (Walker 1994, Leibfried et al. 1995). Especially the concept of relative deprivation comes very close to the definition of social exclusion (Townsend 1979, Gordon and Pantanzis 1997, Halleröd 1995, Whelan and Whelan 1995, Andreß 1999, Böhnke and Delhey 1999a, b). Thus, the social exclusion concept summarises developments of recent poverty research. The tendency to enlarge notions and indicators of poverty, and furthermore, to emphasise processes and consequences of poverty on the individual as well as on the societal level, has resulted in a new – more politically than theoretically motivated – term, which is social exclusion.

Table 1: Poverty and social exclusion in comparison

	Poverty	Social Exclusion
<b>Basic assumption</b>	Low income as an illegitimate form of inequality	Limited chances to realise formal social participation as a threat to social stability
<b>Point of reference</b>	Equality / inequality Distribution of resources Minimum income	Being part of society or not Social participation / integration Social rights
<b>Characteristics</b>	One-dimensional State Concerned with structural factors	Multi-dimensional Cumulative character / process Concerned with structural factors + individual perception
<b>Dimension of social inequality</b>	Vertical Distributive	Polarized (inside / outside) Distributive + participatory
<b>Indicators</b>	Income	Various - related to economic, social, political and cultural dimensions

The following analysis touches some of the issues mentioned above. First of all, with the help of the German Welfare survey and close to the social reporting tradition, I will propose indicators to monitor social exclusion tendencies. In a descriptive manner the extent and the structure of multidimensional disadvantages is shown. This pragmatic approach is clearly limited through the available representative data sets and cannot avoid being arbitrary and open to attack to some extent. Nevertheless, operationalisation follows the present state of poverty and social exclusion research and is carefully documented in the Appendix.

## 2 How to Measure Social Exclusion: A Proposal of Dimensions and Indicators

Although often relied upon, the social exclusion approach as such has not yet found empirical conversion on a representative database. There are, of course, various studies referring to social exclusion implicitly: poverty, deprivation and underclass research all cover different aspects of social exclusion. Concerning the operationalisation procedure, the range of indicators varies widely: the OECD refers to social exclusion with just one indicator, which is long-term unemployment (UNDP 1997). Analysis following the social reporting tradition uses a huge set of indicators from several life domains (Schott-Winterer 1990, Zapf 1995, Habich 1997, Levitas et al. 2000).

Reviewing international literature, Martin Kronauer summarizes six dimensions as central for the social exclusion approach: exclusion from the labour market, economic exclusion, cultural exclusion, exclusion by social isolation, spatial exclusion and institutional exclusion (Kronauer 1997: 38f.). Each dimension is characterised by relative autonomy; at the same time, close correlations between the single domains, the logic of negative reinforcement and accumulation, are the main aspects, which the author points out. This summary of exclusion dimensions can be extended, of course. What is missing, for example, is the widely discussed domain of political participation, which becomes a very important issue with reference to civil society concepts or migration aspects. Kronauer implicitly specifies unemployment or limited access to the labour market as a kind of independent variable, which determines various other forms of exclusion as a logical consequence. And even when single domains are theoretically discussed, the search for indicators to measure them often is not.

Table 2 gives an overview of indicators related to several exclusion domains, resting upon a compromise between the reported literature and the available data. The main line of differentiation is drawn between the so-called 'distributional' and 'relational' aspects of social exclusion. Long-term unemployment, inadequate standard of living, relative income poverty, no vocational training certificate, bad housing conditions and problems in the residential area serve as disadvantages in distributional terms. The selection of these indicators allows us to analyse insufficient living conditions in several forms: long-term unemployment is obviously a central category in the social exclusion debate, which is

assumed to cause several other deficiencies; a low income level and an inadequate standard of living allow to measure poverty in two directions, emphasising the financial side as well as the actual household's equipment with goods and services. An operationalisation like this is in accordance with the present state of multidimensional approaches in analysing poverty empirically. Following Graham Room, the so-called 'relational' aspects of social exclusion cover "... inadequate social participation, lack of social integration and lack of power" (Room 1995: 5).<sup>4</sup> Given the available data, the indicators chosen are related to the domains social relationships, politics, anomie and anxiety. Unfortunately, this kind of selection is not derived from proven practice. Anomie and aspects of anxiety undoubtedly are regarded as symptoms, which are supposed to come about increasingly often in connection with material deprivation. They are regarded as a threat to the stability of society. Indicators for measuring anomie and anxiety can rely upon a long-standing international research tradition, especially social reporting activities (Glatzer and Bös 1997 with reference to Seeman 1959, Middleton 1963, Allardt 1973). The actual debate in Germany on symptoms of anomie related to issues of social integration is highly influenced by Wilhelm Heitmeyer and his colleagues (Heitmeyer 1997a, b). The domain of political participation, often discussed as one aspect of social exclusion, has not yet found empirical conversion in the context of exclusionary tendencies except as denied access to voting. Nevertheless, in my view this domain should be included in an indicators system, which addresses processes of social exclusion, especially since corresponding variables are available in the German Welfare Survey. The indicators chosen for our purposes aim at a kind of subjective perception of political activity that is dominated by pessimism and senselessness of any attempt to change the given circumstances. Furthermore, the domain of social relationship has pragmatically to be reduced to social contacts outside the family. Divorce or not cohabiting with a partner, for example, must not necessarily lead to perceived social exclusion. It could be a starting point as well for reintegration of a person and is highly dependent on an aspect like age for example. Because of these difficulties, I decided to leave aside this domain of primary integration, until new data offer a more reliable way to focus it. Later on, when we turn to multivariate models to explain perceived social exclusion, family and household composition are combined and integrated within the model as one independent socio-demographic variable.

The proposed operationalisation offers the possibility to monitor social exclusion risks in both dimensions, distributional and relational. We can analyse their relationship and examine how these disadvantages influence satisfaction with the possibilities of taking part



Table 2: Operationalization of social exclusion domains\*

	VALUE REGIONS	INDICATORS
DISTRIBUTIONAL / MATERIAL	Labour market performance	Long-term unemployment (more than 12 month)
	Standard of living	inadequate standard of living, last decile of Proportional Deprivation Index
	Income poverty	below 50% of the mean equivalent household income
	Educational status	no vocational training
	Housing conditions	less than one room per person (without kitchen) / no bath or toilet in apartment
	Residential area	bad living conditions in the neighbourhood + feeling of insecurity in residential area
RELATIONAL / PARTICIPATORY	Social relationships	no close friends + limited possibilities to contact other people
	Politics	pessimism concerning political influence + no interest in politics
	Anomie	feeling lonely / life is too complicated
	Anxiety	depression / frightening thoughts
LONG-TERM PERSPECTIVE	Development of living conditions	permanently bad living conditions during last five years
TOTAL	Social exclusion risks in objective and subjective terms	accumulated indices (total, distributional, relational) satisfaction with possibilities of taking part in social life / feeling left out of society

\* see Appendix for variables and detailed operationalisation procedure.

in social life. As pointed out above, the indicator of *perceived social exclusion* is of great value for gaining an insight into the correspondence between insufficient living conditions in ‘objective’ terms and their subjective evaluation, and moreover, into the context and conditions, under which such an evaluation takes place. Additionally, the long-term perspective is supplemented with an indicator related to the development of living conditions during the last five years. This allows us to take into account at least one time-related aspect and explore the impact of the dynamic disparities of the distribution of life chances (Walker 1995).

## 3 The Situation in Germany: Empirical Results

### 3.1 The Extent of Poverty and Tendencies of Social Exclusion

On behalf of the European Commission a *Eurobarometer* survey was conducted in 1993, which was especially designed to address aspects of poverty and social exclusion. In the questionnaire, social exclusion was paraphrased as "... a situation of groups or individuals who are permanently excluded from economic and social life and who are deprived and disadvantaged in terms of employment, education, income, housing, health, etc."<sup>5</sup> One question referred to the aspect of perceived social exclusion: people were asked, if they themselves felt to be left out of society.<sup>6</sup> The results show that in both parts of Germany, in the East and the West, nearly nobody felt completely left out of society. But percentages rise when we turn from this extreme form of perceived social exclusion to a weaker category of limited chances to participate: nine percent of the West Germans and 28 percent of the East Germans claimed to feel that they were left out of society *to a certain extent* in 1993 (see table 3). For the most part, these huge differences between the two regions go back to the high level of unemployment in East Germany following massive structural changes during the transformation process and the high degree of dissatisfaction with the political and social system, which to a large extent was experienced as heteronomous. However, in this context emphasis should be laid upon the fact that nearly nobody agreed with the feeling to be completely left out of society, instead, limited chances to participate were experienced by a noticeable number of people.

The same structure can be found for 1998, even when the corresponding indicator does not exactly measure the same aspect of perceived social exclusion. When asked, how satisfied people are with their possibilities of taking part in social life, again only one percent of the German population associates themselves with this kind of extreme form of exclusion, being completely unsatisfied in this respect.<sup>7</sup> Comparing figures between East and West with regard to dissatisfaction with social participation *to a certain extent*, both regions moved together, although percentages in East Germany are still twice as high as in West Germany (10 % vs. 5 %).

Such indicators of perceived social exclusion help us to get an impression of how people feel and evaluate their personal situation. In order to understand how such an experience of limited possibilities to take part in social life comes into being, it should be related to disadvantages in objective terms, material or participatory. How widespread are poverty and certain deprivation aspects within the German population? In 1993 the adjustment of living conditions and the decline of the welfare gap between East and West Germany had just begun, the unemployment rate in East Germany is twice as high as in West Germany (16 % vs. 8 %). Until 1998 even more people lost their jobs, 11 percent in the western part and 19 percent in East Germany. Long-term unemployment, measured as a period of unemployment 12 months and longer, becomes a very important issue of the social exclusion risk: approximately every third unemployed person belongs to this group. Accordingly, the percentages of the population dependent on welfare benefits have risen, too. On the other hand material living conditions, measured as standard of living, income poverty or housing conditions are more or less stable in the West German part and have clearly improved in East Germany. Poverty rates have gone down and there is an enormous decline of the percentage of East Germans suffering from bad housing conditions from 1993 to 1998. Far less than West Germans, East Germans are without a vocational training certificate. This is due to former GDR educational system specifics and, in the West German case, closely related to the older age groups. Percentages of population without vocational training in the age of 35 to fewer than 40 are considerably lower (in total 14,3 %, Statistisches Bundesamt, Bildung im Zahlenspiegel 2000).

Overall, although labour market access becomes more and more problematic, living conditions in its material aspects improved in East Germany and remained more or less stable in West Germany during this documented five-year period, but the number of people being affected by the exclusion dimensions listed is still higher in the eastern part.

When we turn to participatory aspects of social exclusion, which are the lack of social relationships and political participation, anomie or anxiety, differences between the two regions are less pronounced, although more East than West Germans are affected. However, the situation in West Germany remained relatively stable in the documented time period with a slightly increasing tendency, whereas percentages of the affected population in East Germany declined. This is especially true for the domain of political participation: in 1998 only four percent of the East German population remain pessimistic about their political influence and are without political interest (1993: 13 %). Aspects of anomie and anxiety have also been more widespread in East Germany in 1993, when the breakdown of the East

Table 3: Social exclusion domains and percentages of population affected, East and West Germany, 1993 and 1998, in % of population\*

SOCIAL EXCLUSION IN SEVERAL LIFE DOMAINS	WEST GERMANY		EAST GERMANY	
	1993	1998	1993	1998
<b>Labour market performance</b>				
Unemployment rate <sup>(1)</sup>	8,2	10,5	15,8	19,5
Long-term unemployed related to total unemployed <sup>(1)</sup>	26,0	37,7	30,7	34,4
Long-term unemployment rate <sup>(2)</sup>	1,0	2,8	4,9	9,7
<b>Inadequate standard of living <sup>(3)</sup></b>	-	7,8	-	10,9
<b>Poverty</b>				
Welfare benefits <sup>(4)</sup>	2,5	3,1	1,6	2,6
% of population below 50 % of mean West German equivalent Household net income <sup>(5)</sup>	10,1	9,1 <sup>(6)</sup>	16,3	10,1 <sup>(6)</sup>
% of population below 50 % of mean German equivalent household net income <sup>(7)</sup>	-	8,7	-	10,7
<b>Educational status</b>				
No vocational training <sup>(8)</sup>	26	15	8	9
<b>Bad housing conditions <sup>(3)</sup></b>	10,2	9,3	30,8	11,4
<b>Problems in residential area <sup>(3)</sup></b>	5,0	4,3	12,6	11,0
<b>Social exclusion tendencies in terms of</b>				
<b>lack of social relationships <sup>(3)</sup></b>	6,0	7,2	12,6	8,2
<b>political despondency <sup>(3)</sup></b>	7,3	5,4	12,9	4,4
<b>anomia <sup>(3)</sup></b>	6,3	6,6	13,2	9,8
<b>anxiety <sup>(3)</sup></b>	5,9	7,6	10,7	9,9
<b>Long-term perspective</b>				
Permanently bad living conditions during last five years <sup>(3)</sup>	7,7	6,2	15,0	11,8
<b>Perceived social exclusion</b>				
Feeling completely left out of society <sup>(9)</sup>	1	-	1	-
Feeling left out of society to a certain extent <sup>(9)</sup>	9	-	28	-
Very unsatisfied with possibilities to take part in social life <sup>(10)</sup>	-	1	-	1
Unsatisfied to a certain extent with possibilities to take part <sup>(11)</sup>	-	5	-	10

<sup>(1)</sup> Statistisches Bundesamt (2000: 84), reference: dependent civil working population.

<sup>(2)</sup> German Welfare Survey, own calculations, reference: German population aged 18-65.

<sup>(3)</sup> German Welfare Survey, own calculations, German population aged 18 and older.

<sup>(4)</sup> Statistisches Bundesamt (1999: 48), reference: 100 inhabitants, German population only.

<sup>(5)</sup> Statistisches Bundesamt (2000: 589).

<sup>(6)</sup> Figure for the year 1997.

<sup>(7)</sup> Hanesch et al. (2000: 79).

<sup>(8)</sup> Statistisches Bundesamt (2000: 561), in % of total population.

<sup>(9)</sup> Eurobarometer 40, 1993, own calculations.

<sup>(10)</sup> German Welfare Survey 1998, satisfaction scale running from 0 to 10, 0 = completely unsatisfied, 10 = completely satisfied; percentages summing up scale 0-1, own calculations.

<sup>(11)</sup> German Welfare Survey 1998, satisfaction scale running from 0 to 10, percentages summing up scale 2-4, own calculations.

- no data available.

\* see Appendix for variables and detailed operationalisation procedure.

German political system was much closer and lots of East Germans still had to cope with rapid social change and rough consequences of the transformation process. Furthermore, taking the long-term perspective into account, the number of people suffering from permanently bad living conditions during the last five years is still twice as high in East Germany than in West Germany (1998: West 6 %; East 12 %).

Summing up these points, we find that extreme forms of perceived social exclusion hardly exist; at least they are not covered with representative survey instruments of this kind.<sup>8</sup> Nevertheless, the overall category of *limited* possibilities to participate in society is an important issue for a considerable number of people. And furthermore, around ten percent of the population is suffering from one or the other disadvantage in material or participatory terms. The question to be answered now is, how widespread accumulation of disadvantages is and what the relationship between material deficiencies and socio-psychological distress is about to explain the individuals' perception of social exclusion.

### 3.2 The Structure of Multidimensional Disadvantages

Table 4 gives an overview of different cumulative aspects, one referring to all exclusion domains, the others to the material or to the participatory aspects alone. There is an extensive number of people – half of the German population on the average – not affected by any of the social exclusion risks. But, as the scores show, West Germans are better off than East Germans, 44 percent of the East Germans, but 54 percent of the West Germans do not face any risk of social exclusion. This gap can also be found when comparing percentages referring only to distributional aspects, dealing with the material dimension of deprivation like low income and bad housing conditions. But it nearly vanishes when we focus on relational exclusion issues like social isolation or anomie. Thus we can assume that the higher exclusion risk in East Germany is closely related to distributional issues like long-term unemployment, low standard of living, low income and bad housing conditions.

Out of eleven possible social exclusion dimensions there is nobody affected by more than six. Three percent of West Germans and seven percent of East Germans must cope with cumulative disadvantages in more than three life domains. The main part of the population

Table 4: Accumulation of exclusion dimensions and percentages of affected population: East and West Germany 1998

Amount of disadvantages	Total <sup>(1)</sup>				Distributional <sup>(2)</sup>		Relational <sup>(3)</sup>	
	West	Satisfaction with possibilities to take part in social life <sup>(4)</sup>	East	Satisfaction with possibilities to take part in social life <sup>(4)</sup>	West	East	West	East
0	54		44		66	57	78	77
		8,0		7,3				
1	27	7,5	29	7,0	25	28	17	16
2	10	6,9	13	5,7	6	10	4	6
3	5	5,8	7	5,3	2	3	1	1
4	2	5,0	3	5,2	1	2	-	-
5	1	4,7	3	5,0	-	-		
6	-	-	1	3,7	-	-		
7	-	-	-	-				
8	-	-	-	-				
9	-	-	-	-				
10	-	-	-	-				
11	-	-	-	-				

<sup>(1)</sup> Out of 11 exclusion dimensions, see table 2.

<sup>(2)</sup> Out of 6 dimensions, related to distributional issues.

<sup>(3)</sup> Out of 4 dimensions, related to relational issues.

<sup>(4)</sup> Satisfaction scale from 0 (completely unsatisfied) to 10 (completely satisfied), mean scores.

Source: German Welfare Survey 1998.

is confronted with only one or two out of eleven possible social exclusion risks. As the mean scores of satisfaction with the possibilities to take part in social life show, this has only very little effect on the respondents' perception. To experience only one exclusion risk, for example not having a vocational training certificate, must not necessarily result in bad living conditions. But, as the figures suggest, this is obviously true for those facing cumulative deficiencies: the higher the number of disadvantages a person is suffering from, the lower is satisfaction with social participation.<sup>9</sup> This is true for West as well as for East Germany. However, the level of satisfaction with social participation in general is lower in the eastern part.

To examine the relationship between distributional and participatory aspects of social exclusion means entering the field of research which applies itself to a multidimensional poverty approach and its consequences for social participation, political stability and psychological well-being. At present, we will not bother about plausible hypothesis concerning underlying causal relationships, but get an empirical impression, how close the connection is between material disadvantages and socio-psychological distress. Table 5

Table 5: Relationship between distributional and relational aspects of social exclusion, overlaps, Germany 1998\*

		Relational / participatory aspects of social exclusion						% total				
		0	1	2	3	4	5					
Distributional / material aspects of social exclusion	0	54	7,9	9	7,3	1	(5,1)	-	-	-	64	
	1	18	7,4	5	6,4	2	5,6	-	-	-	25	
	2	5	6,8	2	(5,4)	1	(5,5)	-	-	-	7	
	3	1	(6,8)	1	(4,9)	-	-	-	-	-	3	
	4	-	-	-	-	-	-	-	-	-	1	
	5	-	-	-	-	-	-	-	-	-	0	
	6	-	-	-	-	-	-	-	-	-	0	
% total		78		17		4		1		0	0	100

\* in italics: mean satisfaction with social participation, in brackets: number of cases between 30 and 50.

Notes: Mean satisfaction with social participation for

1) those affected by material aspects of social exclusion only: West Germany 7,4, East Germany 6,7;

2) those affected by participatory aspects of social exclusion only: West Germany 7,2, East Germany 6,4;

3) those experiencing both dimensions of social exclusion, the overlap of material and participatory deficiencies: West Germany 5,9, East Germany 5,2.

Source: German Welfare Survey 1998.

offers an overview of the overlap between six distributional dimensions (long-term unemployment, low income, inadequate standard of living, bad housing conditions, problems in residential area, no vocational training) and four participatory dimensions referring to exclusion from social relationships, politics, symptoms of anomie and anxiety. Overlaps concern about ten percent of the German population and multidimensionality in distributive terms goes together with relational aspects of social exclusion for only four percent (see marked cells). We can also see that a substantial number of people suffer from disadvantages in distributional terms *without* any consequences for social participation in general (24 %). In addition the table contains the mean satisfaction scores for social participation. Again it declines with a growing number of social exclusion risks. The clearest impact on low satisfaction with social participation is obviously connected with the overlap of exclusion risks in distributional and relational terms: if someone has to cope with inadequate material living conditions and at the same time suffers from limited access to social activities, satisfaction with social participation is considerably low.

Table 6: Relationship between distributional and relational aspects of social exclusion, row percentages, Germany 1998

Distributional disadvantages	Anomie	Anxiety	Social isolation	Political despondency	Two or more relational exclusion dimensions
Not affected	5	5	5	4	2
Affected by 1 dimension	10	10	11	7	9
Affected by 2 dimensions	10	16	14	11	13
Affected by 3 dimensions	15	27	22	9	14
Long-term unemployed	14	33	17	11	19
Low income and inadequate standard of living	22	28	17	15	20

Source: German Welfare Survey 1998.

Whereas table 5 gives an overview of the overlaps in the total population, table 6 focuses on groups with limited material resources and on how they are affected by single relational aspects of social exclusion. The more disadvantages a person is experiencing in distributional terms (which is in most of the cases low income combined with low standard of living and with either long-term unemployment or bad housing conditions), the more he or she articulates limited possibilities of taking part in social life. Again those not affected by any poverty domain suffer from lack of social participation only to a slight extent. When we turn to an accumulation of poverty risks or when we focus on separate groups (long-term unemployed, poor in terms of income and low standard of living), percentages rise sharply. About 20 percent of this disadvantaged group suffer from social isolation and approximately 30 percent from depression and frightening thoughts. According to the last column of table 6, long-term unemployment and poverty also go along with an accumulation of participatory exclusion aspects.



### 3.3 Are the poor socially excluded?

In a last descriptive step I will concentrate on the relationship between the household's available income and the experience of exclusion in several life domains. As already mentioned above, the close connection between poverty and social exclusion is often assumed, although characteristics of this linkage remain very much uncertain. Poverty, when defined and measured in terms of income, usually is oriented at the average income of a population. In order to avoid controversies, several poverty lines are drawn. Relative income poverty is associated with an income below 50 percent of the mean net equivalent household income. In addition and in order to differentiate the results, usually the income level below and above this threshold are also taken into account. In table 7 the household income is subdivided into several categories, all related to the average income. In this way, the number of people being affected by tendencies of social exclusion can be observed throughout the income distribution of the whole population.

The first impression is that living below the poverty line goes along with a high risk to experience one or the other disadvantage. A considerable number of people suffering from strong poverty have been unemployed for a longer period (26 percent), and every second person has had to cope with an inadequate standard of living. Social isolation, political dependency and other participatory aspects of social exclusion are also more widespread when financial resources are severely restricted. Percentages of affected population decrease to a great extent when the income levels meet average standards. The clear tendency is: the lower the income the higher the social exclusion risk in several life domains. To summarise this impression, social exclusion can be traced from two perspectives according to the available data: first, the precondition of accumulated disadvantages has to be fulfilled, and bad living conditions in material terms must show their effect on isolation, anomie or depression. Therefore, the combination of accumulated deprivation aspects, distributional and participatory, serves as a criterion for the operationalisation of social exclusion in objective terms. Second, the perception of social exclusion from the view of the respondents, measured as dissatisfaction with social participation, is taken as the subjective counterpart. To focus the "truly excluded", both dimensions are combined. As we can see, approximately every fourth person of the poor complains about limited possibilities to take part in social life. About every third person with low income experiences accumulated disadvantages. The overlap is smaller, but nevertheless highly concentrated in

Table 7: Level of income and tendencies of social exclusion, Germany 1998, column percentages

	< 40%	40-50%	50-75%	75-100%	100-125%	125-150%	> 150%
	of mean equivalent household net income						
Long-term-unemployment	26	14	5	2	1	1	0
Inadequate standard of living	50	33	16	4	2	1	0
Without vocational training	38	26	27	14	10	8	4
Bad housing conditions	27	16	16	9	5	6	2
Problems in residential area	11	11	8	6	5	3	3
Social isolation	8	19	14	8	5	3	2
Political despondency	12	8	7	7	3	3	2
Anomie	16	13	11	6	6	5	6
Anxiety	21	19	12	7	6	4	2
Social exclusion in objective terms (accumulation) <sup>1</sup>	34	27	8	1	0	0	0
Social exclusion in subjective terms (perception) <sup>2</sup>	21	24	9	5	3	3	2
truly excluded	16	11	2	1	0	0	0

<sup>1</sup> A combination of two and more distributional exclusion dimension and at least one relational exclusion dimension.

<sup>2</sup> Low satisfaction with possibilities of taking part in social life (scale 0-4).

Source: German Welfare Survey 1998.

the group of the poor. Having an average income or above to satisfy daily needs obviously prevents social exclusion risks completely. However, although there is a relatively high concentration of “truly excluded” in the group of the poor, poverty must not necessarily lead to social exclusion: as additional calculations have shown, every second poor person is not experiencing even one single exclusion dimension.

Obviously, as these results show, overlaps between indicators of poverty and social exclusion are smaller than is hypothesised in the reported literature. Only about every fifth person facing poverty in East and West Germany is “truly excluded” at the same time. This is not to belittle the severe problems that are related to such living conditions, but to point out that obviously there is a significant difference between being poor and being socially excluded. Social exclusion must not necessarily go together with poverty, and poverty must not result in social exclusion processes. From this perspective, the fashionable substitution of poverty by social exclusion terminology in European social policy debates has to be reviewed: in order to target risk groups properly with social policy instruments and to avoid poverty to end up in marginalisation and limited social participation, it seems reasonable to maintain two carefully differentiated approaches.

But who are the “truly excluded”? One percent of West Germans and three percent of East Germans belong to this group, which endures multidimensional disadvantages in a specifically risky manner. They undergo material deprivation, they have limited chances of social participation and, what is more, they perceive themselves as not fully socially integrated. We can assume that this group in fact experiences exclusionary tendencies and is mostly in need of helpful social policy activities. The most striking attribute of the “truly excluded” is that they do not participate in labour market processes. Every second person is unemployed, long-term unemployed or disabled, only about ten percent of the “truly excluded” are working full-time. Low standard of living is the characteristic feature that applies to nearly all of them, approximately two out of three have an income below the poverty line. Furthermore, a high divorce rate goes along with social exclusion, a fact, which stresses another prominent trait of the social exclusion debate, social isolation.

Coming to a conclusion: although a considerable number of people are affected by single deprivation aspects, multidimensionality of disadvantages and above all the combination of material deprivation with “relational vulnerability” is only relevant for a small number of people in Germany. Furthermore, suffering from several aspects of deprivation need not necessarily result in the perception of denied social participation. Obviously there is no such direct and inevitable connection between poverty and social exclusion as is implicitly assumed in research literature. Although being subjected to social exclusion often means living in poverty, we cannot argue that poverty, vice versa, as such inevitably leads to social exclusion. To be affected by poverty and exclusionary tendencies at the same time is a precarious situation, that applies to a small number of the population only, and we can assume that it is closely related to long-term unemployment. Further analysis should now focus on the preconditions: with the help of multivariate logistic regression models we can assess which aspects contribute to poverty and which to social exclusion, respectively.

### **3.4 Determinants of Becoming Poor or Becoming Socially Excluded**

As we know by now, the experience of cumulative disadvantages and a mixture of material and participatory deficiencies are decisive characteristics to run the risk of limited participation in social life. With the help of logistic regression models we can point out the

explanatory power of some socio-demographic variables on the risk to become poor or socially excluded. The question is, first, whether the risk to experience poverty or social exclusion is related to the same influencing factors. When this is confirmed, the shift from poverty to social exclusion terminology is of semantic nature only without any analytical benefit. When the risk of social exclusion, and this is another assumption, is closer related to long-term unemployment and more focused, it seems useful to establish additional social and labour market policy activities concentrating especially on these issues.

As binary dependent variables, the logistic regression models include poverty on the one hand, measured by a threshold of 50 percent of the mean equivalent net household income, and social exclusion on the other hand, based on the indicator of satisfaction with the possibilities of taking part in social life, again with the lowest satisfaction scores summarised as perceived social exclusion (scores from 0 to 4 on a 0-10 scale, see above). As explanatory variables the models include several socio-demographic variables like gender, age, household composition, vocational training level, labour market performance, size of residential area, region and the development of living conditions during the last five years. Table 8 shows  $\beta$  and  $\exp(\beta)$  coefficients, which are not easy to interpret. The  $\exp(\beta)$  coefficient indicates the odds ratio of the risk to become poor or socially excluded in relation to the reference category (DeMaris 1992: 42f., Norušis and SPSS inc. 1993: 1f.).

As we can see, gender and age are not significant as explanatory variables neither for poverty nor for social exclusion, when put into a model with the indicators mentioned above. Again, East Germans are exposed to a higher poverty risk as well as to a higher social exclusion risk. Beyond these similarities, the results show considerable differences, helping us to point out specific characteristics of the poverty and the social exclusion approach. As expected, well-known socio-demographic groups are exposed to a high poverty risk: lone parenthood, having more than two children, long-term unemployment and lack of vocational training are closely related to a low-income level. Access to the labour market to ensure basic material resources is the dominant pattern to avoid the risk of becoming poor.

When we turn to the logistic regression results explaining determinants of feeling socially excluded, again labour market access seems to be a decisive variable, even when we control for income. Nevertheless, in comparison to the risk of becoming poor the social exclusion risk is much more focused: no other labour market category remains significant, but unemployment. This finding confirms one main assumption of the social exclusion debate: (long-term) unemployed obviously

Table 8: Determinants of poverty and social exclusion in Germany 1998.  
Logistic regression models (b/ exp(b)).

	POVERTY <sup>1</sup>		SOCIAL EXCLUSION <sup>2</sup>			
	Model 1		Model 2		Model 3	
	β	Exp (β)	β	EXP (β)	β	EXP (β)
<b>Gender</b> (reference category: men)						
Women	0,079	1,082	-0,015	0,985	-0,179	0,836
<b>Age</b> (65+)						
55-64	-0,236	0,789	-0,587	0,556	-0,441	0,643
40-54	-0,601	0,548	-0,598	0,550	-0,319	0,727
25-40	0,073	1,075	-0,020	0,981	0,224	1,251
<25	0,764	2,146	-1,441	0,237*	-1,061	0,346
<b>Household / family composition</b> (2 adults, no kids)						
2 adults, <= 2 kids	0,307	1,359	0,219	1,245	-0,090	0,914
2 adults, > 2 kids	1,537	4,651***	-0,431	0,755	-0,752	0,471
One person household	1,290	3,631***	-0,067	0,650	-0,338	0,713
One person household, widowed	1,000	2,717**	0,783	2,189**	0,316	1,371
One person household, divorced	1,418	4,128***	1,495	4,457***	1,342	3,828**
Lone parent	2,561	12,953***	1,140	3,127*	0,667	1,949
<b>Vocational training level</b> (apprenticeship)						
No vocational training/ Semi-skilled	0,629	1,875**	1,178	3,249***	1,079	2,942***
University	-0,807	0,824	-0,224	0,799	-0,023	0,978
Other	0,564	0,446*	0,882	2,415**	0,854	2,349*
<b>Labour market performance / alternative roles</b> (full-time employment)						
Part-time employment	1,222	3,395**	0,504	1,656	0,473	1,604
Unemployed	1,789	5,982***	1,418	4,129**	1,157	3,179*
Long-term unemployed	3,188	24,252***	2,034	7,647***	1,513	4,539***
Disabled	1,782	5,944***	1,179	3,251*	0,660	1,935
Retired	0,921	2,512*	0,546	1,727	0,659	1,933
Housewife/man	1,091	2,977**	0,178	1,195	0,009	1,009
School/student/further education	1,338	3,810***	0,065	1,068	-0,142	0,868
Other	1,375	3,956**	-0,448	0,639	-0,793	0,453
<b>Residential area</b> (> 500 000 inhabitants)						
100 000 500 000	-0,336	0,715	0,100	1,105	0,073	1,076
50 000 100 000	0,452	1,572	0,749	2,115*	0,957	2,604*
20 000 50 000	-0,113	0,893	-0,060	0,942	-0,001	0,999
5000 20 000	-0,122	0,885	-0,263	0,769	-0,151	0,859
Less than 5000 inhabitants	0,113	1,120	-0,600	0,549*	-0,609	0,544
<b>Region</b> (West Germany)						
East Germany	0,593	1,809**	0,732	2,078***	0,668	1,949**
<b>Development of living conditions in the last five years</b> (good / improved living conditions)						
permanently bad living conditions	0,564	1,757*	2,096	8,134***	2,044	7,724***
<b>Income</b> (highest income quintile)						
Lowest income quintile					1,264	3,538**
Second income quintile					0,607	1,834
Third income quintile					0,157	1,170
Fourth income quintile					0,078	1,081
Constant	-4,047	0,017***	-3,926	0,020***	-4,299	0,014***
Chi-Quadrat		340,01***			313,43***	296,02***
Df		29			29	33
-2 Log-Likelihood		1111,18			1017,85	781,95
N (total)		2229			2819	2190

Notes: Significance level: \*  $p < 0.05$  \*\*  $p < 0.01$  \*\*\*  $p < 0.001$

<sup>1</sup> 0 = non-poor, 1 = poor (below 50 % of mean equivalent household net income).

<sup>2</sup> 0 = not excluded, 1 = excluded (low satisfaction with social participation, 0-4 scores on 0-10 satisfaction scale).

Source: German Welfare Survey 1998.

suffer most from poverty, but at the same time are exposed to a high risk of social exclusion in reference to full-time employed, which is not the case for other forms of labour market performance or non-performance, as the table shows.

Furthermore, the size of the residential area has no significant explanatory power for both risks, poverty and social exclusion. Nevertheless, we can notice a weak tendency, if we have a look at the beta coefficients to explain the risk of social exclusion: perceived social exclusion is a phenomenon of bigger cities, with at least more than 50 000 inhabitants.

Whereas poverty is closely related to precarious aspects of child care – e.g. lone parenthood, which inhibits labour market performance, as well as having more than two children, which also inhibits labour market performance at least of one family member or implies high cost of child care services instead – perceived social exclusion is not. When controlled for income, household composition loses its significant effect to explain the risk of social exclusion. Instead, another independent variable is dominant: divorced persons not sharing household are clearly exposed to the risk of social exclusion, which, again, strengthens the aspect of social relationships for the exclusion debate.

However, the strongest impact on the risk of social exclusion goes along with the long-term perspective on the development of living conditions: those suffering from permanently bad living conditions during the last five years are highly exposed to feel left out of society, whereas the impact of this variable on explaining poverty remains considerably low. Again this result confirms the utmost importance of the accumulation process of several disadvantages and the precondition of fixed and reinforced bad living conditions to suffer from limited possibilities to take part in social life.

## Conclusions

Although often taken together, poverty and social exclusion show substantial differences, both on the conceptual as well as on the empirical level. The main distinction concerns the basic assumption underlying each approach: whereas poverty concentrates on the just distribution of material resources, social exclusion asks for ensured social participation and integration. The social exclusion concept adds socio-psychological aspects to the debate on poverty research and links social disadvantages with individual social participation and the stability of society.

As a starting point of analysis, it was useful to describe the extent of social exclusion and poverty in order to monitor combinations and accumulations in several ways. As we have seen, one or the other dimension of social exclusion affects around ten percent of the German population, whereas accumulation of several disadvantages is comparatively small. Focusing on the subjective perspective we found out that hardly anyone feels completely “out of society”, instead it turns out that the category of limited possibilities to take part in social life is relevant for a considerable number of people, still more in East than in West Germany.

The results suggest separating both approaches carefully. Poverty can be seen as one precondition of social exclusion, but not necessarily and, above all, not exclusively. The same is true for long-term unemployment. Denied labour market access is closely related to social exclusion, but again not as a single phenomenon without being combined with other disadvantages. The most decisive precondition of perceived limitations to participate in society is the accumulation of disadvantages and, furthermore, the simultaneousness of multiple deprivation in material terms and broken social ties or socio-psychological distress. In addition, as it turned out, the long-lasting status quo of bad living conditions influences social exclusion strongly: when disadvantaged social structures have been fixed over a long time, the perception of limited chances to participate in society, which means hopelessness, limited access to social institutions and a spiral of precariousness, is most likely.

To monitor and analyse social exclusion processes, the existing data sets do not satisfy the demand. In order to explore the complexity of the phenomenon, a representative survey instrument is needed, which adds longitudinal information and the subjective perception of social exclusion in several life domains. In order to avoid “vicious circles” and perceived

social exclusion, the primary task of social policy instruments is to inhibit long-lasting and cumulative social disadvantages. Now, further research has to deepen the specific aspects of social exclusion, which these results have shown to be central.



## Appendix

### Operationalisation of Social Exclusion Domains (German Welfare Survey 1998)

#### Labour market performance

Long-term unemployment: unemployed for twelve months and more.

#### Relative deprivation

Low standard of living, last decile of proportional deprivation index; this computation is based on a list of 22 items of standard of living (for example: car, phone, one cooked meal per day, regular savings, holidays abroad and several others). People have been asked if they have or do these things, if they cannot afford them due to financial restriction or if they do not have them out of other reasons. Index construction refers to the amount of those items people cannot afford. They are weighted by the aggregated percentage of their perceived necessity, which goes back to the question if an item is necessary for an adequate standard of living in the view of the respondent or not (Böhnke and Delhey 1999a, 1999b).

#### Relative income poverty

Below 50 percent of the average equivalent net household income, Buhmann et al.-scale,  $\phi = 0,55$ .

#### Educational status

No vocational training certificate.

#### Housing conditions

Less than one room per person (without kitchen) AND / OR no bath or toilet in apartment.

#### Residential area

Feeling of insecurity in residential area AND bad living conditions in the neighbourhood.

Question wording: "How safe do you feel if you are walking around in your neighbourhood at night?"  
Answer categories: very safe, rather safe, rather unsafe, very unsafe; indicator for social exclusion in residential area: rather and very unsafe. "Where would you classify the living conditions of the people in your neighbourhood?" Measured by a 0-10 scale; 0 = very bad living conditions, 10 = very good living conditions, indicator for social exclusion in residential area:  $\leq 5$ .

Social relationships

No close friends AND limited possibilities to contact other people

Question wording: "Do you have one or more really good friends outside your family?". Answer categories: yes, no; indicator for social exclusion in this domain: yes. "What do you think, what opportunities do you have to meet people with whom you could make friends with?" Answer categories: good, few, no opportunities; indicator for social exclusion in this domain: few or no opportunities.

Politics

Pessimism concerning political influence AND no interest in politics

Question wording: "Are you optimistic / more optimistic than pessimistic / more pessimistic than optimistic / pessimistic about opportunities of political influence? Indicator of social exclusion in this domain: pessimistic; "How interested are you in politics?" Answer categories: very much, much, medium, little, not at all; indicator for social exclusion in this domain: little or not at all.

Anomie

Feeling lonely AND / OR life is too complicated

Question wording: "Here are some statements dealing with several problems of life. Please tell me, if you completely agree, somewhat agree, somewhat disagree or not agree at all with this statement: I often feel lonely; Life has become so complicated today that I almost can't find my way"; Indicators for social exclusion in this domain: completely agree.

Anxiety

Depression AND frightening thoughts

Question wording: "Please answer the following questions by simply saying yes or no: Do you usually feel unhappy or depressed? Do frightening thoughts again and again come back in your mind?" Indicators for social exclusion in this domain: yes.

Development of living conditions

Permanently bad living conditions during the last five years

Question wording: "Where would you locate your current living conditions?" 0-10 scale, 0 = very bad living conditions, 10 = very good living conditions; "Now please recall how it has been five years ago? Where would you classify your living conditions five years ago?" Indicator for social exclusion in this domain: answer to both questions  $\leq 5$ .

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## Notes

- 1 This paper summarises presentations held in Oxford, August 2000, ECSR summer school, and in Cologne, October 2000, Fifth International Conference on Social Science Methodology (RC33), Session: Index-Construction: Methods of Aggregating Indicators of Social and Economic Well-Being.
- 2 The German Welfare Survey (Social Science Centre Berlin, Research Unit: Social Structure and Social Reporting, Prof. Wolfgang Zapf) covers relevant welfare dimensions in objective as well as in subjective terms. As a representative data base, it refers to the German population aged 18 and older, fielded every five years since 1978. The 1998 survey was especially designed to address the issue of integration and exclusion. People have been asked what aspects are necessary to feel socially integrated and how satisfied they are with their possibilities of taking part in social life (Habich et al. 1999).
- 3 According to Wilson (1987) underclass members are characterised not only by a very weak economic position, but also by a reinforcing neighbourhood structure, where disadvantages are highly concentrated. For a detailed discussion see Gans (1995).
- 4 The breakdown of basic social links as a main characteristic of social exclusion, considering one's network of social relations and primary integration, according to Robert Castell, is also referred to as "relational vulnerability" (Martin 1996 with reference to Castell 1991: 382).
- 5 The Eurobarometer is conducted twice a year since 1973 in all European member states addressing different subjects (Saris and Kaase 1997). Quotation is based on the questionnaire of the Eurobarometer 40, 1993, Q89.
- 6 Question wording: "Nowadays (in the past, in the future), do you yourself feel that you are left out of society?" Answer categories: no, not at all / yes, to a certain extent / yes, completely. Eurobarometer 40, 1993, Q82a, b, c.
- 7 Question wording: "How satisfied are you, overall, with your own possibilities to participate in normal social life?" The scale was running from 0 (completely dissatisfied) to 10 (completely satisfied), German Welfare Survey 1998. Recoding for the category 'completely excluded': scale 0-1; recoding for the category 'to a certain extent': scale 2-4.
- 8 Again, one should bear in mind that, according to the understanding of social exclusion as referred to in the context of poverty and unemployment, interest is laid upon new forms of social exclusion, which spread across the middle of society, usually not at risk. Homelessness, for example, surely accepted as a strong form of social exclusion, per se cannot be covered with empirical research focusing on households as the key instrument of selection, but is not meant to be in the centre of attention anyway. If such an understanding of social exclusion, narrowed to labour market policy issues, is useful, is an important and disputable question.
- 9 Correlation coefficients (Pearson's): Correlation between total social exclusion index and satisfaction with social integration: -.41, between accumulated distributive exclusion dimensions and satisfaction: -.32, between accumulated relational exclusion dimensions and satisfaction: -.34 (all coefficients significant,  $p < 0.001$ ).