



**CEE COUNTRIES AND CHANGING
SOCIAL STRATA
IN THE PAST 30 YEARS**

2021

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CEE Countries and Changing Social Strata in the Past 30 years

Chief Editor: Dr. Chen Xin

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Preface

Social stratification refers to a society's categorization of its people into rankings of socio-economic tiers based on various factors, such as wealth, income, race, education, occupation and power. Society's layers are made of people, and society's resources are distributed unevenly throughout the layers. Thus, people who have more resources represent the top layer of the social structure of stratification while other people with fewer resources represent the lower layers of each society. More importantly, social stratification can present systematic inequalities based on group membership, classes and the like rather than individual inequalities. Thus, through stratification, people can see the larger social patterns. However, factors that may cause changes in social stratification vary in different societies. Therefore, it's of great importance to view social stratification through case by case.

This book is providing a historical overview on the changing social stratification of the Central and Eastern European countries in the past three decades. Authors address the social stratification and its changes, through which the transformation of class structure in their countries can be observed. The book is a collection of 17 reports written by the associate researchers of China-CEE Institute. The reports are originally published as the February social issue of the 2021 Weekly Briefings. Weekly Briefing is a core product of China-CEE Institute. The views in the book are represented by the individual authors instead of China-CEE Institute.

China-CEE Institute, registered as a non-profit limited company in Budapest, Hungary, was established by the Chinese Academy of Social Sciences (CASS) in April 2017. China-CEE Institute builds ties and

strengthens partnerships with academic institutions and think tanks in Hungary, Central and Eastern European countries, as well as other parts of Europe. China-CEE Institute aims to encourage scholars and researchers to carry out joint research and field studies, to organize seminars and lecture series, to hold some training programs for younger students, and to publish academic results, etc.

I hope this book will be helpful to enrich the knowledge of how the social stratification has changed in CEE countries over the past three decade and how the transformation influences the social development in the countries.

Prof. Dr. CHEN Xin

Executive President and Managing Director, China-CEE Institute

Deputy Director General, Institute of European Studies, CASS

Albanian Society in Thirty Years: When Transition Becomes A System by Definition

Marsela Musabelliu

Decades from now, when future scholars will research on some politically-induced social experiment, they most probably will point to Albania. The political developments of 1991 and the regime change affected every cell of the society and the social fabric was turned upside-down and torn inside-out. So much pain, so much sorrow, so much destruction and so many tragedies. What the Albanian society has endured in the past three decades is one for history books to recall and remember. Is a history of broken dreams and hopes that never materialized, of a generation that only wanted a better and dignified life. It is the story of a nation whose people have been deceived and they have been robbed not only of their chances but also of their future.

Social transformation as a derivative of political change

The Central Committee of the Party of Labor of Albania allowed political pluralism on December 11th 1990. On March 1991 the first post-socialist elections were held and since that day on, nothing was the same for Albanians. The political shift in Albania occurred following the events of the Eastern Block and the “winds of change” coming from the dissolution of the Soviet Union. As political discontent was accompanied by social disobedience, soon a new opposition to the socialists took shape and gained power in 1992. Since then, all social balances in place were shaken and to date, never restored. After 1991, almost all politicians, governmental and non-governmental organizations in the world warned Albania that there would be a period of transition, which is inevitable when systems change occurred.

Transition for Albania however seems oppose the same term “transitory” - for the country this is becoming a *status quo* not a just a stage of transformation. For the purpose of this briefing, we will take an issue-based

approach spread in three decades in order to better classify the ramifications and social consequences of the same.

Causes: poverty, migration, social unrest, weak rule of law, corruption

In the early 1990s Albania's GDP per capita was around 700US\$, considered by many the poorest country of the former eastern bloc, the country's transition to an open market economy not only has disrupted economic growth, but also has caused high levels of poverty. In 1991 Albania's GDP dropped by 28% and in 1997 by 11%. From 1991 to 1992 the inflation as average consumer prices, reached a 226% increase on yearly bases, thus, depreciation all deposits, meaning people's savings of a lifetime. From one day to the other hundreds of thousands were left with no savings and had to adapt to this new normal.

As soon as Albania's borders were opened to the rest of the world, tens of thousands left the country in any way they could, as walking through the high mountains to cross into Greece, and sailing with inflatable boats through the Mediterranean to reach Italy, or by jumping the high walls of the foreign embassies in Tirana, the world saw the faces of Albanians for the first time after almost half a century. With weakness and exhaustion the first migrants witnessed the sorrow and solidarity of Europe, yet, on the second wave of massive migration, after the turmoil of 1997, the other wealthier nations around Albania were not that eager to welcome them as before. From that time on migration went clandestine, never stopping but hidden and always present until today.

The extreme political tensions of the 1990s and the collapse of the 'Pyramid schemes' in 1996 brought Albania into the brink of a civil war. Official statistics claim that there were around 1500 casualties due to internal conflict, yet many claim there are many more. The stubbornness of the then President Sali Berisha not to leave office incited a social conflict that would have impact for generations to come. Berisha added more fuel to the fire of division between North and South, becoming the first one in the transition history to send military troops against civilians. The ammunition warehouses raids made for many new 'gun owners', the consequences of which are seen every year since.

Going from a government which was omnipresent and feared by all, to another type way more “loose” and uncontrollable made Albanian’s respect less the authorities. Some did it for rancor towards the old regime, now they could rebel; others did for the extreme dislike of the new political figures ruling the country. Whatever the reason was, the distrust in institutions was not baseless, and the new leaders of the country had everything in mind, besides the welfare of Albanians.

A weak rule of law, was not the base but the very consequence of the widespread corruption. The laws are present of course, but very few times cases of corruption has found accountability in a court of law. The ramification of corruption go wide and deep in almost every sector of public services entities. Indeed, the employment into a state managed entity, is seen as a stepping stone to future and immediate wealth. Education, healthcare, state police, distribution of electricity, environment, energy and more, all Albanians at one point or another had to face the harsh reality of bribery.

Consequences: How the social strata have changed

The winner-takes-it-all approach and poverty, appear to be a persistent counterpart of this Albanian transition. The majority of the people were not ready to live and flourish economically under the new system, thus they became unfortunate bystanders of the riches of their country being literally stolen. It was a time for the greedy and the ruthless to strive, letting so the rest in their economic misery. It was not about knowledge or hard work, persistence and perseverance, it was the time of the ones with the better connections, the ones with the ‘courage’ of going a step further. These people 30 years later, either are in politics or are oligarchs, or something in between. They created a vicious circle of generations believing than not the fittest will make it, but the strongest (the strongest meaning the assertive, the unrelenting and the crooked). As a generation of officials, who actually worked hard and loved their country, were thrown on the sidelines, the new success story of Albania became the one that could reach the top with little knowledge or even work. The social ramification of this shock are still perceived decades later. In Albania the social stratification is very fluid, but

not by merit, but by nepotism, corruption and maleficence, oddly enough the ones who made it to the top are intrinsically linked to each-other. After 45 years of isolation Albanians woke up to a different world and a country where borders did not mean anything anymore. The first ones to leave were mainly representative of the poorer strata of the society, mostly men and of young age. They left behind their families and many times children; for the ones left behind in Albania income from migration was the only source of survival. Some were joined by their family later on, some didn't. This started a spiral of 'half-homes' and in 2021 there is hardly any family in Albania that does not have a member living abroad. The good fortune of those who made it was also accompanied by many tragedies, be this in the mountains with Greece or through the Otranto strait in the sea to Italy, there are hundreds of lives lost and other hundreds to this day unaccounted for. And for the ones who found a new life in other nations of the European Union, it was not easy, for decades Albanians have been treated as second-hand citizens and prejudice still persists. Migration changed the country's physiognomy forever, and it is still impacting every home and community. Thirty years after the regime change 75% of Albanian youth want to leave the country. There is something deeply wrong.

Tales of the Albanian transition! (Instead of conclusions)

This was the title of a book by Shinasi Rama, an Albanian professor based in New York, where he explains thoroughly on the topic of the country's leadership and its responsibilities and argues that there are plenty of factors, such as the Zeitgeist, popular mentality, and foreign influences, which play a major role in this process of transition failure in Albania. However, there is no doubt - he states - that the main cause for this failure of the transition, are the 'rulers' of Tirana. This layer numerically narrow, that controls with an iron fist the political power, the economic system, and cultural values in the Albanian state, seems amorphous, fragmented, and divided but it is not like that. Their interests intersect in every way imaginable.

In 1991 Albanians were told that the market would determine by itself the structure of society and the social relationship with all the pros and cons of

the capitalist system. Society would be divided into classes as it is such a system. Some would have monopolies and wealth, others would be labor or agrarian proletariat. There would be a middle class and one the petty bourgeoisie that would scarcely rise above the level of poverty. 30 years on and there is hardly no middle class, the extreme poverty level is at 1/5th of the population, and 45% of the citizens lives in moderate poverty (less than 5\$US per day). And there is the top 5% of the society that has blossomed in this Albanian transition and now are dictating and shaping their will to the nation. Essentially, the past decades has been an experiment gone wrong.

The establishment has aimed to set up a system that best serves the protection of its own interests. That is why the Albanian democracy was born a failure. Today her future is, seemingly, like the past, quite hopeless!

The Changes in BiH's Social Strata in the Past 30 Years

Zvonimir Stopić

Summary

In this briefing we will be taking a look at the complex social strata of Bosnia and Herzegovina in the past 30 years. The precise data is difficult to obtain due to the chaos of the war in the 1990's, which completely changed the country on every social level. When looking at the period of the last 30 years, the war-time, which left a data gap, along with the debatable social statistics in years which followed, today create a situation in which no exact conclusions can be made for certain social strata levels.

Main population figures from 1991 and 2013 censuses

In the past 30 years there have been only two official censuses: one in pre-war 1991, while Bosnia and Herzegovina was still a part of former Yugoslavia, and the second one more than 20 years later, in 2013. A new census was supposed to be carried out in 2020 but was postponed due to the COVID-19 pandemic. According to the 1991 census, Bosnia and Herzegovina had 4,377,033 inhabitants. When distributing this number into ethnic groups the results were the following: 1,902,956 persons or 43.5 % declared themselves as Bosniaks, 1,366,104 persons or 31.2 % as Serbs, 760,852 persons or 17.4 % as Croats and 242,682 persons or 5.5 % as Yugoslavs. All other ethnicities constituted less than 0.24 % individually. The fertility rate was 1.89 with a stagnating trend. Life expectancy was 72 years and rising. According to the 2013 census, Bosnia and Herzegovina had 3,531,159 inhabitants, which was 845,874 less than in 1991. Federation of Bosnia and Herzegovina had 2,219,220 inhabitants or 62.8 %, Republika Srpska had 1,228,423 or 34.8 %, whereas the population of Brčko District was 83,516 inhabitants or 2.4 %. When distributed into ethnic groups the results were the following: 1,769,592 persons or 50.1 % declared themselves as Bosniaks, 1,086,733 persons or 31.2 % as Serbs, and 544,780

persons or 15.4 % as Croats. All others ethnicities constituted less than 0.37 % individually. The fertility rate was 1.3 with a stagnating trend. Life expectancy was 76-77 years with a rising trend. Distribution according to the mother language was 52.8 % Bosnian, 30.7 % Serbian and 14.6 % Croatian. Religious structure, which revealed the three dominant ethnically-connected religious groups, was the following: 50.7 % Muslim, 30.7 % Serbian Orthodox Christian and 15.2 % Roman Catholic.

Significant census methodology problem

One of the main disputes evolved around the change in definition of resident population in the country. The so-called principle of “permanent” residency was replaced with the principle of “usual” residency. According to definition of the 1991 census, the “resident population in a given area consists of all persons (individuals) who habitually live in that area regardless of where they were at the time of census, in that area or temporarily absent in the country or abroad”. At that time, Bosnia and Herzegovina had a strong labour emigration to the West European countries of approximately 234,000 persons. This group was temporarily working or staying abroad, with majority of them doing so for a period longer than several years, often even a for a full decade. The last census in 2013 applied a different definition, one which was based on the European Union recommendations. The principle of “usual residency” was applied instead of the previous “permanent residency”. As a consequence, about 260,000 persons were subsequently excluded from the census data and were not counted as the “usual residents”. However, Republika Srpska disputed additional 196,000 persons that remained included in the database (RSIS, 2017). According to the official data of Republika Srpska, the number of 1,170,342 of inhabitants has already been used in this territory. Republika Srpska justifies this with findings of the Post-Enumeration Survey (PES), conducted on the statistical representative sample just 17 days after the official census, which showed that the rate of over-enumerated number is 11 %, or 145,996 persons. This was accompanied by a complete absence of any data for the war period between 1992 and

1995, unreliable statistical records and different estimations. If the methodological difference is taken into account in the definition of total population, and if methodology from 2013 is applied on the census from 1991, out of the total population number from 1991, the number of approximately 207,000 inhabitants must be deducted (the ones who temporarily worked and stayed abroad as “guest workers”), then the difference between 1991 and 2013 census is smaller, about 640,000. Some authors still voice doubts concerning the volume of emigration, for which it is deemed that it is considerably higher in relation to the volume recorded by official statistics, as well as the volume of over-coverage in the last census.

Demographic consequences of the war

According to the data of UNHCR, the war caused permanent and temporary displacement of about 2 million inhabitants, of whom 1.2 million applied for refugee status, which is approximately 27.3 % out of 4.4 million of population recorded by census in 1991, and of whom only a limited number of inhabitants returned. The highest number of returnees was recorded during the first three years after the war had ended, after which the rate of return started to decrease, practically ending the process by 2002. In total, in the period from 1996 to 2005, as the data shows, 441,995 refugees returned. In addition, there was a strong inter-regional resettlement of population and huge changes in re-distribution of population within the country, as a consequence administrative divisions. High number of victims during the war, and extremely low fertility were the characteristic traits for the entire period. The rate of population growth had already diminished considerably by 1991 and under the burden of war destruction and in conditions of high instability, Bosnia and Herzegovina entered the stage of population decline.

Various important and more recent social trends as human development, happiness index, healthcare, poverty rate, literacy and education

Bosnia and Herzegovina is country with high human development, ranked at 75th position (out of 189) in 2018, with a HDI value of 0.769. Between 2000 and 2018, Bosnia and Herzegovina's HDI value increased by 14.4 % from 0.672. Life expectancy at birth increased during that period by 2.9 years, main years of schooling increased by 2.7 years and expected years of schooling increased by 2.2 years. According to the 2019 World Happiness Report, Bosnia and Herzegovina is ranked at 78th position out of 156 countries, with index value of 5.386. The happiness index value has increased in comparison to the period 2005 - 2008 by 0.487, but it is ranked among lowest in the region.

Poverty is monitored by the Household Budget Survey (HBS) and not by the Statistics on Income and Living Conditions (SILC), which is common for the EU and the candidate countries from the region. According to the last HBS dating from 2015, the poverty rate was 16.9 %. In comparison to 2011, the poverty rate decreased by 1 %. This means that over 500,000 inhabitants or 170,000 households had been living below the relative poverty line. The poverty was higher among older population (65+) and children (age 0-14 years), as their respective poverty rates were 19.6 % and 18.7 %. Poverty rates were also higher for rural areas (20.5 %) than for urban (11.3 %). The reform of social protection system started in 2009, supported by the World Bank. However, it has never been implemented completely.

Literacy rate is high, having in mind the degree of social and economic development, and stood at 97.2 % in 2017. More than 50 % of population have completed secondary education, but there is a significant gender imbalance with 59.5 % males and 43.0 % females. A higher proportion of female population is without any education or incomplete basic education, as well as completed elementary school (although these are mainly older persons), while the proportion of men with completed secondary education and higher education levels is slightly higher compared to women. Despite the evident growth in the number of public and private higher education institutions, the share of persons with higher (university) education is only

12.7 % compared to the EU average of 28 %. However, there is a growing number of unemployed graduates which implies a lack of harmonization between the educational programs and labour market demands. Attendance of early childhood education institutions increased from 6.4 % in 2006 to 13.1 % in 2011/2012, which is still low and constitutes the lowest enrollment rate in the region.

Conclusion

The period from 1990s up to present day has been marked by the war in Bosnia and Herzegovina, during which there was a breakdown of all social institutions, which strongly changed all the elements of demographic system. The last, and very debatable, 2013 census showed that population of Bosnia and Herzegovina had decreased in comparison to the 1991 census by about 850,000 inhabitants (around 20 %). However, unofficially, it is considered that this number significantly higher, also because of the continuous emigration which occurred ever since. More than 25 years after the official end of the war and the new structural division of Bosnia and Herzegovina by the Dayton agreement (November 1995), the country's society not only that it has not fully recovered from the consequences of the four years of armed conflict, but is still bearing its heavy burden by the day.

The Changes in Bulgarian Social Strata in the Past 30 Years

Evgeniy Kandilarov

In the last 30 years, two global processes had an impact on Bulgaria. In the first place, this was the transition from advanced socialism to liberal capitalism as a model, structure and functioning of society. Secondly, the over-monopolization of the world economy and the over-concentration of world politics naturally led to the over-polarization and oligarchization of social stratification in global society. Thus the transition (1989–2007) and the years after that changed the system of society in Bulgaria. The transformations were not only extremely fast and shocking for the vast part of the Bulgarian nation, but also comprehensive - in all spheres of society, in the way it functions, in its institutions, norms and morals, in the global positioning of Bulgaria. In essence, the structural-functional model of society was changed - from "socialist" it became "capitalist". Although the new society in Bulgaria is usually described as: "democratic, market, open, free, Euro-Atlantic and multicultural", in reality, the most accurate characteristic is an "extremely liberal capitalist" society. As a result a natural process of accelerated and painful social differentiation has developed. Many additional dividing lines were formed, acting not in the direction of integration into society, but of its disintegration. These are new social dividing lines caused by a combination of extremely powerful factors and processes.

All this led to a sharp complication of the social hierarchy of social inequalities. In addition, the top and bottom of the social pyramid were painfully far apart. The middle class literally melted away, became impoverished and was declassified, thus losing its social resilience. The low class of poor routine and unskilled labor began to disintegrate into an integrated stratum against communities that fall into apathy and discouraged unemployment, helpless and at the risk of lumpenization. The

mass of outsider communities was growing sharply, developing its network of gray areas in social institutions, entire villages and municipalities in the country. In general, the stratification profile of the population in Bulgaria degraded from a profile typical of Central and Southern Europe from the 1980s to the profile that was then typical of Latin American countries, and is now a profile of the United States.

In summary, the social differentiation in the last 30 years in Bulgaria has developed towards increasing and deepening the differences - to a degree of disintegration. Practical evidence of the growing process of social disintegration and anomie are both the depopulation of huge areas in the country and the overcrowding of other areas with degraded populations.

At the beginning of the transition in Bulgarian society, there was a hope that the stratification profile of the "middle class society" that Bulgaria had in the mid-1980s will be preserved. In reality, however, the exact opposite happened. The new elites quickly usurped real power and public policy. They were created in the 1990s primarily through the new private banking system and privatization process. The structural result of the emergence of the new capital class in Bulgaria led to the formation of an oligarchic peak in the social pyramid. As a result of the changes in the Bulgarian society in the 1990s, two social poles were formed - of super-wealth as a peak that broke away from society and of super-poverty excluded under society, which expanded into a huge mass and sank more and more below the bottom of society in misery and isolation. We are talking about 20-30 oligarchic plus several thousand close families at the top of the pyramid against 20-25% (over 1.5 million people) in full misery and illiteracy, helplessness, degradation and social exclusion. Thus, two specific group and community interests were formed. They separate and oppose not only each other, but also society as a whole. At the bottom of the pyramid, against the new elites, isolated ghetto communities formed. Between these two social poles, the upper middle class remained relatively stable. This was to the extent that public institutions, businesses and corporations,

politics and the media in Bulgaria need the expertise and services of specialists.

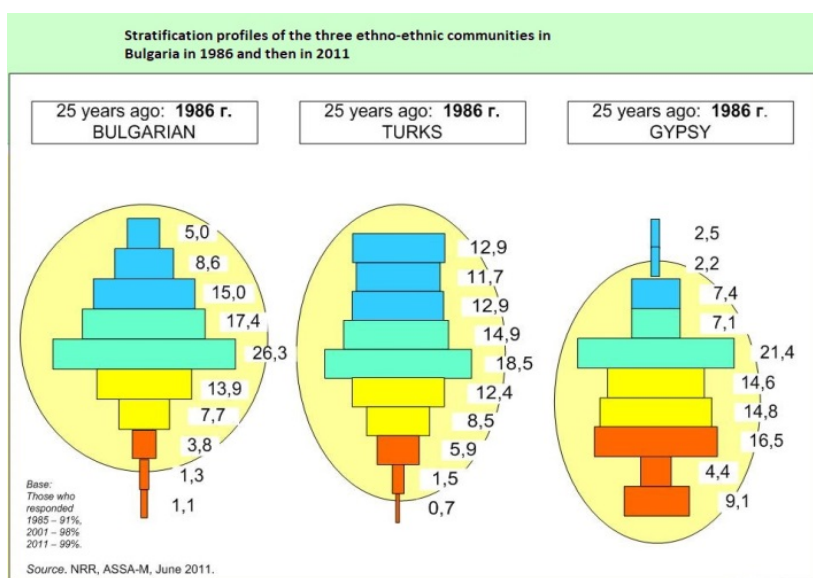
The tragedy is in the middle class of the middle class - there is a sharp contraction and crushing of business, the intelligentsia, the middle management. The lower middle class was also being crushed. A huge part of it fallen down to poverty and insecurity which led to declassification.

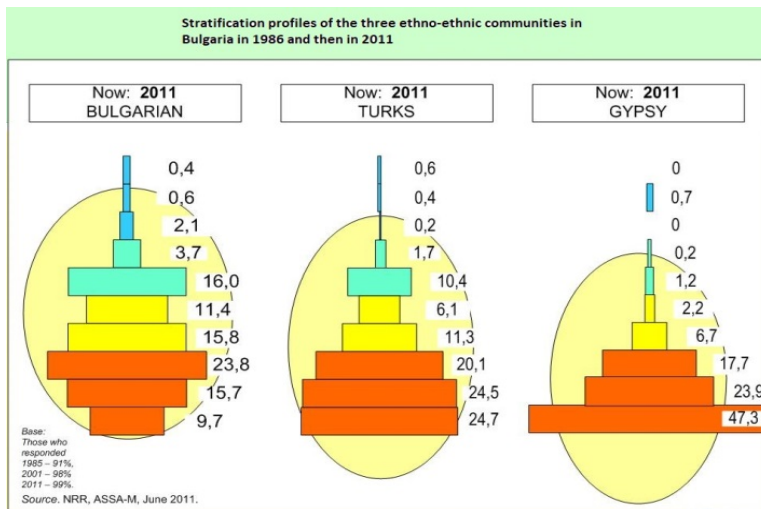
Beneath it the lower strata of relative poverty, of the modern proletariat (workers', farmers', merchants', bureaucrats, artisans) are expanding. Unemployment, illiteracy, and lumpenization are becoming widespread. This is a direct consequence of low wages and miserable pensions, of miserable family and maternal support. It is extremely important that in this floor of the social pyramid a very negative process of meaninglessness of labor as a value develops. This undermines the model of realization through work, the idea of a better life status through work. The "*depth of poverty*" indicator is increasing. Most people become unemployed, permanently unemployed and discouraged. Thus, they lose their human capital, some begin to lumpenize, lose their integrity to the nation, and became aggressive towards their country. Modern social analysts call this class a precariat. A typical example of precariat in Bulgaria are the so-called "*working poor*", i.e. people who work but still keep their incomes on the social bottom. But not only they are part of the Bulgarian precariat, ie. the layer of declassified and deprofessionalized personalities. Trapped in the labyrinth of poverty, insecurity, unsustainability of their labor integration, young and not so young Bulgarians become passive individuals, avoid any social responsibility, do not create families and do not want to have children. Through the years not a small part of this population decided to immigrate to abroad.

A survey conducted by the Bulgarian sociological agency ASSA-M several years ago clearly shows the dynamics of the sociological profiles of the three ethno-ethnic communities in Bulgaria in 1986 and then in 2011 as a result of Globalization and Transition. The drastic contraction and decline of the middle class can be seen. It becomes such a small percentage in the

general structure of the population that it creates visibility for lack. The other stressful problem is that a large part of the remaining lower middle class (people with small and weak businesses, impoverished intelligentsia and employees, technology workers, craftsmen, small services - utilities, education and health, social and information) nominally still have the position of the middle class, but with great fear for the future, in the face of a direct threat of declassification, of falling into poverty. The perspective is cut off, and this is fatal for the self-confidence of the middle class. The socialized low levels below the middle class (the modern "working class", the so-called "relative poverty" layer) first increase because they accept a large part of the previous middle class, but then fall down to deep poverty and some to misery, exclusion and becoming social outsiders.

Source: ASSA-M, June 2011



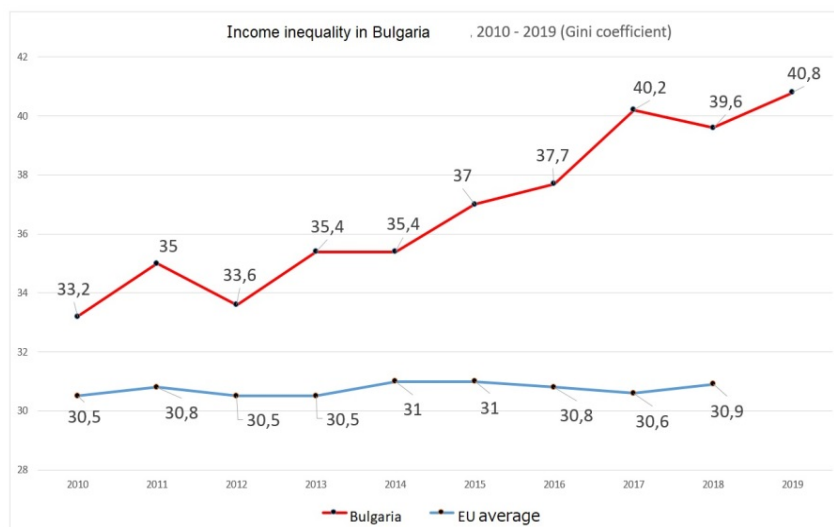


All this is not just social downgrading and depression. This is a powerful process of removing from the labor force of the economy and the state a huge part of the productive low-status professions and occupations. This is a serious social problem for downgraded people and families. It is also a social barrier to modernizing the economy and increasing the efficiency of all public institutions.

The data show that Bulgaria is among the countries where young people experience the most serious difficulties in their realization on the labor market. The employment rate among young people in the country remains at extremely low levels (20%), far from the EU average (nearly 34 %). In fact, only 4 countries can "boast" lower employment. If we look at the unemployment rate, we will see that Bulgaria is above the average levels in the EU, although the country is further away from the leaders in this indicator.

Bulgaria set a new record in terms of economic inequality in the country, as in 2019 it registered a Gini coefficient of 40.8. This is the highest level, at least since the Second World War that Bulgaria reaches in the international index, which is used as a statistical characteristic of the distribution of wealth in a society and measures the difference between the welfare of the poor and rich in it. The graphics below shows exactly how

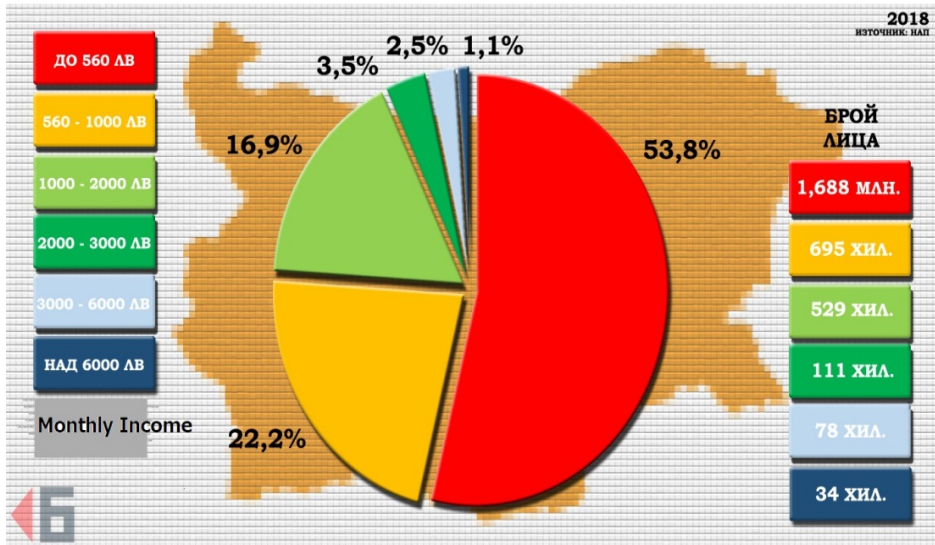
much Bulgaria deviates from the European average, which varies at a significantly lower level - around a coefficient of 30 – 31.



Source: Eurostat

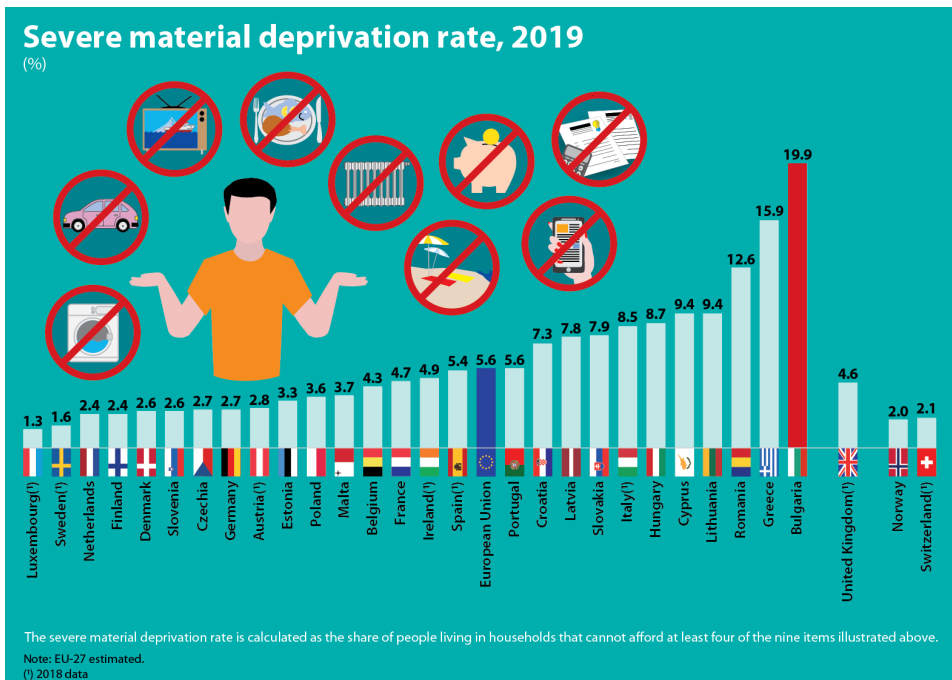
The data from the other measure of inequality - the so-called quintile income distribution in European societies or the difference between the richest 20% and the poorest 20% in individual countries is also very clear. According to this indicator, Bulgaria notes an increase in inequality - if in 2018 the difference was 7.66 times, in 2019 it is already 8.10 times.

The problem of inequality in Bulgaria does not go unnoticed by the European Commission, which for years in its reports defines the situation on this indicator in our country as "critical". The combination of economic growth and high levels of inequality means that newly created wealth is concentrated at the top of the income chain. The data show that more than half of Bulgarians (53.8%) earn up to BGN 500 (250 EUR) per month, and nearly 80% - up to BGN 900 (450 EUR), without including another 2 million pensioners with an average pension of about 370 BGN (186 EUR). At the same time, only 1% of the people in Bulgaria earn more than BGN 6,000 (3000 EUR) per month, and in this narrowest group at the top of the pyramid the inequality is even greater.



Source: Bulgarian National Income Agency

The picture is even worse when we take into account that Across the EU Member States, Bulgaria (19.9%) registered the highest shares of severe material deprivation in 2019. The term was introduced to summarize the percentage of people who cannot afford at least four of the few "conveniences" that are considered signs of a normal life: paying bills on time; keeping the home adequately warm; the way they deal with unexpected expenses; eating meat, fish or a vegetarian equivalent on a regular basis; possibility for a week's vacation away from home, as well as possession of a TV, washing machine, car and telephone. The data clearly shows that every fifth Bulgarian faces such severe material deprivation.



ec.europa.eu/eurostat

In conclusion, in the last thirty years Bulgarian society has reached a rapid process of fragmentation. The individual floors in the social pyramid shrink their subjective social horizon to the scope of their individual life and reference groups, to the micro-communities with specific problems. The values of collective egoism dominate, which is becoming more and more aggressive. This is inevitable in a social environment in which situations of survival prevail, instead of work and prosperity, instead of social integration and reliance on law and order, care and support from the state.

The Social Stratification in Croatia Amid COVID-19 Crisis

Valentino Petrović

Summary

This paper deals with social stratification in Croatia amid the COVID-19 crisis and recent earthquakes that hit Zagreb and Sisak-Moslavina counties in March 2020 and late December, respectively. With more and more concerns surrounding the availability of vaccines, people are getting frustrated with the behavior of certain public figures which only provokes the well-known thesis that not everyone has to follow the same rules.

Introduction

Over the past couple of weeks, the main topic in Croatia was the distribution of vaccine against the COVID-19, with the Government, led by Prime Minister Andrej Plenković, trying to ensure the public that there will be no shortages of vaccine and that every citizen in danger of getting infected with the virus, in addition to the rest of the older population, will eventually be taken care of. However, during the last two weeks, we have witnessed more and more cases in which people who did not belong to the groups defined as “at risk of getting infected” and who are not exactly in the twilight of their lives, have managed to get the vaccine based on their position within social stratification or thanks to the informal “ties” with the members of the Civil Protection Directorate and other political figures. Perhaps the most recognized example is Davor Boras, the rector of the University of Zagreb, who, in his own words, happened to find himself with his wife at the right time in the right place just to get two vaccines that were left spare. Paradoxically, just as the Prime Minister is trying to assure that there are no shortages of vaccines, the rector was so lucky to get two spare vaccines that would otherwise be thrown away. Furthermore, last week,

when the restrictions were not yet lifted, several judges were filmed at the private party with the former mayor of the city of Split, Željko Kerum. One would ask what is the message behind it, how it will affect the rest of us who have to follow the law and respect the measures imposed to contain the virus. Unfortunately, there are more and more situations when one's position in social hierarchy enables him to "follow his own rules" and to differ from the rest of us.

The Current Situation Surrounding the COVID-19 Crisis

This happens to be provoking especially in times when people's mental health is heavily compromised due to COVID-19 related concerns and the consequences of two major earthquakes that struck Croatia in 2020. Many people have lost members of their families, relatives, jobs, homes, and such kind of behavior from those in power or those who previously held executive positions whether on a national or local level does not stimulate nor inspire people to believe that everyone has equal opportunities and that we all stand equal before the law. On the contrary, people are getting discouraged even when listening to somewhat contradictory arguments from members of the Civil Protection Directorate on current measures with many entrepreneurs already proclaiming them as discriminatory. Therefore, everything that happened in 2020 and early 2021 is leading us to the conclusion that social stratification has become apparent now more than ever before. Not only in terms of the above-mentioned vaccine accessibility but also with many people getting fines for some mild offenses such as visiting family members in other counties. However, even before this situation, it was widely known that Croatian people showcase a very low level of trust and belief in the country's institutions, no matter if we are talking about the executive, legislative, or judicial branch. Many studies have been conducted in this particular field; thus, we shall try to present some of their findings in the upcoming paragraphs. As it was mentioned in a 2019 paper: "There are different opinions and views on what kind of stratification currently happens in Croatia, what are its main features, and

how many layers does it include (...) the society is divided into a group of small elite citizens with money and power, while, on the other hand, there is a vast majority of poor. The middle layer had disappeared and the work of medical, education, and similar professions is underappreciated”¹.

The Regional Stratification

Of course, when discussing social stratification in Croatia in the last thirty years, one needs to take into account political, economic, historic, and social specificities that differentiate Croatia from other Central and Eastern European countries. Unlike other countries belonging to this group, Croatia had to go through the war-time period which left some parts of the country infrastructurally destroyed and far behind the European standard. Democracy as such did not have enough time to consolidate and the ruling party Croatian Democratic Union (HDZ) was in power until 2000. In addition, the privatization process in the second half of the nineties was not conducted and regulated transparently, and major consequences of such understanding are felt until this very day. Unfortunately, the lives of many people from all around Croatia are very much alike to the post-war period. The recent earthquakes in Sisak-Moslavina County have shown the true colors of post-war reconstruction with several corruption affairs related to the people who run the reconstruction process have been revealed in the past few weeks. Thus, the economic inequalities are evident the most if we compare the net wages of Croatian counties. For example, there is a high discrepancy between the Zagreb County, on the one hand, (Zagreb, as the country capital, has also a status of a county) and Varaždin and Međimurje counties, on the other, with the latter two being considered as two of the most developed counties with regards to their employment levels and

¹ Maslač, Nikolina. 2019. Društvena stratifikacija u Republici Hrvatskoj I usporedba s Europskom unijom. Završni rad. *Sveučilište Jurja Dobrile u Puli. Fakultet ekonomije i turizma Dr. Mijo Mirković.*
<https://repozitorij.unipu.hr/islandora/object/unipu%3A3801/datastream/PDF/view>.

GDP¹. Furthermore, if we look into the value of Gini coefficient which represents income inequalities, we can argue that there was a declining trend of inequalities from 2014 to 2017; however, if we take a broader picture and look into the ratings in the past thirty years, we can say that income inequalities in Croatia have been on the rise². Perhaps the most worrying indicators of social inequalities in Croatia are the following: In 2017, a poverty rate stood at 20.0%; 26.4% of people were living at risk of poverty and social exclusion, and 10.3% were living in a severe material deprivation³.

The New Findings

The latest research on social stratification in Croatia was conducted by professor Karin Dolan and her team of experts under the umbrella of the Department of Sociology at the University of Zadar. The project has started in 2016 and lasted until the end of 2020. According to the findings "the very top category of the society is occupied by a small class of those who live much better than others and is comprised of approximately 16% of the respondents; underneath is the middle class with 29% of respondents, then follows the most numerous working class with 44%, while the bottom is occupied with 15% of respondents. Compared to other European countries

¹ Maslač, Nikolina. 2019. Društvena stratifikacija u Republici Hrvatskoj I usporedba s Europskom unijom. Završni rad. *Sveučilište Jurja Dobrile u Puli. Fakultet ekonomije i turizma Dr. Mijo Mirković.*
<https://repozitorij.unipu.hr/islandora/object/unipu%3A3801/datastream/PDF/view>.

² Maslač, Nikolina. 2019. Društvena stratifikacija u Republici Hrvatskoj I usporedba s Europskom unijom. Završni rad. *Sveučilište Jurja Dobrile u Puli. Fakultet ekonomije i turizma Dr. Mijo Mirković.*
<https://repozitorij.unipu.hr/islandora/object/unipu%3A3801/datastream/PDF/view>.

³ Maslač, Nikolina. 2019. Društvena stratifikacija u Republici Hrvatskoj I usporedba s Europskom unijom. Završni rad. *Sveučilište Jurja Dobrile u Puli. Fakultet ekonomije i turizma Dr. Mijo Mirković.*
<https://repozitorij.unipu.hr/islandora/object/unipu%3A3801/datastream/PDF/view>.

(...) in Croatia there is a slightly smaller share of people at the top, a slightly smaller middle class, and a larger share of those at the bottom”¹. However, Dolan explains that her research does not perceive the class merely as within the socialistic paradigm of those with larger and smaller incomes; rather, Dolan continues, the class is defined in broader terms whereby those at the top are not understood only as rich, but as members of the society who can afford themselves a more pleasure in life, to travel more, to have access to private services, and are more independent in their professional work². But what are the criteria to define one class as privileged? The study has shown that "top-class largely has salaries above the Croatian average, owns savings and real estate worth more than €108.000. They are often highly educated and live in big cities. Their parents are also well educated which suggests class reproduction processes”³. Dolan also explains that the working class is no longer perceived in “classical” terms as before. On the contrary, more and more occupations nowadays are considered as working class and the most common denominator they share is that they have a vocational school degree⁴.

Conclusion

Of course, every definition depends on the point of view of the interviewed person. Someone who works in public administration probably does not

¹ Rašović, Renata. 2021. Više od polovice hrvatskih građana teško će se izvući u kriznim situacijama. *Vecernji.hr*. <https://www.vecernji.hr/premium/vise-od-polovice-hrvatskih-gradana-tesko-ce-se-izvuci-u-kriznim-situacijama-1461466>.

² Rašović, Renata. 2021. Više od polovice hrvatskih građana teško će se izvući u kriznim situacijama. *Vecernji.hr*. <https://www.vecernji.hr/premium/vise-od-polovice-hrvatskih-gradana-tesko-ce-se-izvuci-u-kriznim-situacijama-1461466>.

³ Rašović, Renata. 2021. Više od polovice hrvatskih građana teško će se izvući u kriznim situacijama. *Vecernji.hr*. <https://www.vecernji.hr/premium/vise-od-polovice-hrvatskih-gradana-tesko-ce-se-izvuci-u-kriznim-situacijama-1461466>.

⁴ Rašović, Renata. 2021. Više od polovice hrvatskih građana teško će se izvući u kriznim situacijama. *Vecernji.hr*. <https://www.vecernji.hr/premium/vise-od-polovice-hrvatskih-gradana-tesko-ce-se-izvuci-u-kriznim-situacijama-1461466>.

think of his salary as if he is overpaid for his duties. If you ask the same someone who is working in the private sector, he would argue that those in public administration are having much more than they actually deserve, especially if we take into account the level of stress and responsibilities at work. We can only conclude that social differences in Croatia are getting more pronounced and this conclusion is supported by both of the mentioned studies. The COVID-19 situation makes the people only better aware of that fact.

Transformation of the Post-Socialist Czech Society: Class Perspective

Ladislav Zemánek

Evolution of the Czech society in the post-socialist period after the so-called Velvet Revolution in 1989 in terms of the class structure has not been investigated comprehensively and deeply so far. Partially, it is caused by a certain level of distrust and dismissiveness connected with a hegemonic rigorous class methodology as well as theoretical assumptions of the Czechoslovak socialist science in general and sociology in particular. In response to some one-sidedness of the pre-1989 discourse, the opposite extreme emerged in the post-socialist discourses, both public and academic. The very concept of class was challenged and frequently rejected. Similarly, the objective status of the class as interpreted by the orthodox Marxists has been relativised as a result of the conceptualisation of newer theoretical perspectives, including the analytic philosophy, post-analytic philosophy, existentialism, deconstruction, structuralism or postmodernism. Nevertheless, the interest in the social stratification and its transformation has returned gradually, the existence of different strata (or classes) being considered a matter of fact. But it does not mean that a revival of the Marxist thought, categories and postulates takes place (it applies to the West to a much higher degree).

The destiny of the middle class

The concept of the middle class is often used and discussed without any allusions to the class method. The middle class belongs to the key nodes of the hegemonic discourses at different levels – political, economic, public. It relates to the utter importance the middle class represents within the framework of the modern Western socioeconomic model, members of the middle class being perceived as the pillar of the liberal democracy without whom the latter cannot survive in the long-term perspective. To a certain extent, it coincides with the Marxist understanding of capitalism as a socio-

economic formation expressing the class interests of the bourgeoisie. However, equating bourgeoisie with the middle class in the present mainstream interpretation would be an excessive simplification, notwithstanding the indisputable resemblance.

Concerns about the livelihood and economic position of the middle class have been expressed repeatedly not only in the Czech Republic but in the highly developed part of the world as such. The Organisation for Economic Co-operation and Development (OECD), uniting these countries, published several reports regarding the uncertain prospects of the middle class in the last decade. In the complex analysis called *Under Pressure: The Squeezed Middle Class* from 2019, the authors warn that the living standard stagnates or declines while a strong and prosperous middle class is crucial for successful economic development and social cohesion.¹ The members of the middle class have been increasingly burdened with necessary expenses on housing and education, the level of reproduction of the socioeconomic status between individual generations being not rising. It follows that the young have all the more serious problems to maintain the living standard of their parents. Over the last years, a proposition that the future generations will not enjoy higher living standards compared to the previous ones became quite common in the Czech mainstream. It is an unprecedented turn which is in breach of the ethos of the Western modernity (no matter if the liberal or socialist one) and social emancipation based on the dogma of incessant growth.

What is the middle class?

According to the OECD analysis, the member of the middle class earns from 75 to 200 per cent of the median of all earnings. If taking the figures presented by the Czech Statistical Office, the Czech median salary amounted to 31,183 CZK (approximately 1,200 EUR) in Q3 2020, therefore, the interval valid for the middle-class income is from 23,387 CZK (900 EUR) to 62,366 CZK (2,399 EUR). Characteristics of Czech

¹ OECD (2019), *Under Pressure: The Squeezed Middle Class*, Paris, available at https://read.oecd-ilibrary.org/social-issues-migration-health/under-pressure-the-squeezed-middle-class_689afed1-en#page1.

society overlap with those from other developed countries in its essence. Whereas the wages have increased since 1989, the living expenses have raised as well, especially those on housing. A rocket increase in the prices of real estates has been typical of the last years which makes a purchase of the own flat or house hardly accessible, particularly for the young families. Gradually, the share of the housing-related expenses has been rising – whilst in the 1990s, these accounted roughly for a quarter, nowadays they equal to a third. Together with it, the level of indebtedness increases. By the end of 2019, around 1.11 million people (i.e. more than 10 per cent of all population, nearly 16 per cent of the working-age population) have a mortgage or another housing-related loan. If one relates the number of people with mortgages to the category of household, the total number of the affected is inevitably much higher. But given the low interest rates, relatively high inflation and rising prices of the real estates, taking out a mortgage is economically reasonable.



Table 1: Real wage year-on-year growth between 2001 and 2020 (in %)

Source: Czech Statistical Office, tradingeconomics.com

The steep increase in these prices is connected with the overall situation of the Czech middle class. Within the class, there is an increasingly significant gap between owners of the real estates and those who do not possess such an asset. The rise in the price of real estates has several reasons: (1) attractiveness of our country and first and foremost the capital of Prague in

the foreign investors' eyes; (2) inflexible legislation hindering new construction and development; (3) long-term excess of demand over supply; (4) the so-called quantitative easing carried out by the central bank, which is a controversial and unconventional form of monetary policy popular since the 2007-2008 financial crisis. The ongoing coronavirus crisis will even deepen this tendency. After all, many expected a turn on the real estates market as a consequence of the crisis but it turned out that the opposite was true. Last year became the record one in terms of the total amount of mortgages and, similarly, the number of real estates transactions, as well as the market prices, did not drop. For instance, the prices of flats increased by 13 per cent year-on-year in 2020. An index of flat prices overcame 170 points in comparison with 2010 which means that the market value of this kind of asset soared by far more than twofold in the last decade, the figure being higher in Prague and other attractive locations. Those who had sufficient financial means available, invested in the real estates while the majority of society did not do so, irrespective of they did not want or did not succeed. The result is, nevertheless, clear – deepening of disproportion between owners and non-owners, which undermines the position and inner coherence of the Czech middle class.



Table 2: HB Index indicating the dynamics of the prices of the flats in the Czech Republic between 2010 and 2020

Source: Hypotecnibanka.cz

A society without an elite

In connection with the 30th anniversary of the Velvet Revolution, several analyses of the recent social development were elaborated, bringing interest insights into the problematics. The most in-depth sociological research *The Czech Society 30 Years After*, based on the methodology elaborated by Pierre Bourdieu and Michael Savage, concludes that during the socioeconomic and political transformation in the 1990s and the following period, the society has split into six classes: (1) secured middle class; (2) emerging cosmopolitan class; (3) traditional working class; (4) local ties-based class; (5) endangered class; (6) impoverished class.¹ These strata can be classified more simply as upper middle class, lower middle class and the lower one. The sociologists made use of the category of capital in different interpretations – economic, social and cultural. The table below summarises the stratification including main characteristics and proportion of the individual strata.

Class		Characteristics	Size
Upper middle	Secured middle class	High level of income and property wealth but relatively low social capital (contacts, support options), cultural capital and new areas of competencies (languages, IT).	22.1%
	Emerging cosmopolitan class	High or above-average income but limited property ownership. High social capital, cultural capital and new areas of competencies.	11.9%
Lower middle	Traditional working class	Above-average income and property wealth. Very low social and cultural capital coupled with low knowledge in new areas of competencies.	14.4%
	Local ties-based class	Above-average property wealth and social capital combined with low income and	11.8%

¹ See in greater detail at <https://www.irozhlas.cz/sites/default/files/documents/4cb643625998e931d8f0a9aa34bbb254.pdf> (in Czech).

		cultural capital as well as low knowledge of new areas of competencies.	
	Endangered class	Solid social, cultural and human capital (new areas of competencies) but low income and property wealth.	22.2%
Lower	Impoverished class	Very low level of all capitals.	17.6%

The research shows that Czech society is still lacking in elites which would enjoy all kinds of capitals. This group accounts for less than 1 per cent of the population, nevertheless, it is not sufficiently coherent, homogenous and rooted in the social organism and its shaping is to come in the next decades. The absence of elites together with strong egalitarian mentality connected with anti-elitist moods are typical, long-term features of the Czech society dating back to the nation-building processes in the 19th century and even far. But it entails multiple negative consequences, therefore, the formation of the national elite, not isolated but organically interconnected with other classes is one of the essential causes our society should embrace.

Social Changes in Estonia: An Overview

E-MAP Foundation MTÜ

When it comes to defining the word ‘social’, it may not be an easy task. After all, a ‘social science’ is the name for many scientific disciplines. A similar degree of difficulty may be associated with our task to outline a **range of social changes**, which the Republic of Estonia has experienced since 1991, the year when the country regained its independence. Therefore, a certain classification becomes a pre-requisite before any data gathering is to be performed. With necessity, the process will be moderated by Estonia’s remarkable transition from being locked into Soviet socio-economic postulates into an open Western society. Having looked at the latest StrategEast report on Westernisation (namely ‘StrategEast Westernisation Index 2020’), it is possible to confirm Estonia’s top position overall – among all but Russia and the non-existent from 1956 Karelo-Finnish SSR former titular republics of the former Soviet Union – as a country that better than others adopted “Western patterns of political development, legal functioning, economic relations, cultural discourse, and lifestyle”¹. In accordance with the report-specific methodology, Estonia scored 92.5 points to lead the group of 14, followed by Lithuania (90), Latvia (87.5), Georgia (64), and Moldova (59)². More on the social aspects of the Estonian case, to finish on this index off, the report underlines that “[o]verall, political rights and civil liberties are very well guaranteed, which is also reflected in the fact that Estonia continues to maintain the highest position compared to other post-Soviet countries in all main international democracy and freedoms rankings”, and that the country “also belongs to the freest countries in the world in terms of press freedom and internet freedom”³. This is good enough to commence the data-gathering

¹ ‘StrategEast Westernization Index 2020’ in *StrategEast*, 2020. Available from [<https://www.strategeast.org/wp-content/uploads/2020/01/StrategEast-Westernization-Index-2020.pdf>].

² ‘StrategEast Westernization Index 2020’, p. 14.

³ ‘StrategEast Westernization Index 2020’, p. 64.

process on the following social factors: ‘**ethnicity**’, ‘**urbanisation**’, and ‘**socio-professional status**’.

Since Estonia is not a young country, it is worth looking beyond the 1991-associated time-mark. The post-WWI period ‘saw’ Estonia solidifying its independence, while, from the social angle, having about 12 per cent of its population as ethnic minorities (those were predominantly Baltic Germans, Russians, Jews, and Swedes)¹. The country’s 1934 census showed ‘Estonians’ as the largest ethnic group (**88.2 per cent** the population), followed by Russians (8.2 per cent), Baltic Germans (1.5 per cent), Swedes (0.7 per cent), Jews (0.4 per cent), and others (1 per cent)². A bit more than a half a century and a few occupations later, the Soviet Union’s final census in 1989 declared that “the ethnic Estonian share of the population had dropped to **61 per cent**”, exhibiting “a result of official industrialisation and resettlement policy during the Soviet occupation”. Such a drop in numbers for the titular ethnicity was substituted by the other ethnic groups – Russians (28 per cent), Ukrainians (2 per cent), Belarusians (1 per cent), Finns (1 per cent) and some others³. The former USSR had only two years to ‘live’, but its legacy of forceful and semi-forceful resettlements as well as brutal deportations and social purges was something that the newly independent Estonia had to start dealing with. The Soviet period of the country’s history ‘concluded’ with the undisputed bit of statistical data that the number of ethnic Russians in Estonia, if compared with the pre-occupational times, tripled, and this factor dramatically changed or significantly re-adjusted all sorts of vectors within the country’s political economy and social development.

The post-Soviet age did some rebalancing in Estonia’s ‘ethnic’ social equation. These days, on 1 January 2020, out of the country’s total population of 1,328,976 people, ‘Estonians’ is the largest ethnic cluster

¹ Riina Ruth Kionka, ‘Estonia’s Minority Policy: Origins and development’, p. 33. Available from [https://vm.ee/sites/default/files/content-editors/web-static/428/Riina_Kionka.pdf].

² Kionka, p. 39.

³ Kionka, p. 39.

being represented by 909,552 people or nearly **68.5 per cent**¹. The percentage of ethnic Russians is dropping – their number is 327,802 people or 24.66 per cent of the total². Interestingly enough, there are 1,129,934 residents who consider Estonia their country of birth, while 1,128,559 people are the country’s citizens. Such and similar changes are of special importance for countries like Estonia, where previous occupational regimes used to be associated with imposing some sort of serious constraints on the titular ethnic group. Therefore, now when the occupation is over for nearly three decades, a rising percentage of the titular ethnicity in Estonia’s total population can be treated as a positive sign in terms of the country’s social development, even though the concept of ‘nation state’ is no longer an attribute of general discourse in the process of policy making.

Intriguingly, this ‘ethnic question’ in Estonia is also interlinked with the second angle outlined in this brief – urbanisation. As reported, in 2019, about **69 per cent** of the country’s population lived in urban areas and cities³. This indicator has been, more or less, on a similar level during the latest three decades. However, there is an interesting history on this phenomenon’s being in Estonia, and a researcher on Estonian society should always be mindful about some of the following factors. Firstly, historically, Estonians have been calling themselves a “country people”; in 1782, for example, the Estonian population was about 485,000, but the townspeople “formed a modest 5 per cent of the whole population” (about 23,000 in the same year)⁴. Secondly, having experienced a period of significant but gradual urbanisation in the second half of XIX century, the pre-occupational period of independence (1918-40) saw Estonia being

¹ ‘Main indicators’ in *Statistics Estonia*. Available from [<https://www.stat.ee/en/find-statistics/main-indicators/>].

² ‘Main indicators’.

³ ‘Estonia: Urbanization from 2009 to 2019’ in *Statista*. Available from [<https://www.statista.com/statistics/455822/urbanization-in-estonia/#statisticContainer>].

⁴ ‘Population: ethnic and social structure’ in *Estonica*. Available from [http://www.estonica.org/en/History/1710-1850_The_Baltic_Landesstaat/Population:_ethnic_and_social_structure/].

“characterised by the slowing down of urbanisation rates”¹. Thirdly, when it comes to the former Soviet Union’s attitude to urbanisation, it used to differ from most other countries of socialism – the Soviet style of urbanisation was more rapid and, as a rule, had plenty to do with industrialisation and “population redistribution [...] among the republics of the [former USSR], with Russia serving as the main source of migrant labour”². Before the Soviet Union had collapsed in 1991, Estonia’s “share of the urban population increased to 71 per cent” – characteristically for Estonia, its “urban population growth was fast [...] and increased more than **four-fold during the Soviet period**”, not being “based on rural-to-urban migration, as the decrease of rural population was modest at the same time”³.

These three factors ‘tell’ a particular story of Estonian society that remains to be very much attached to the land and the countryside, having become a people of cities and larger towns in a somewhat unnatural manner. In July 2017, it was announced by the country’s Government “that Estonia’s administrative division for at least the next few years [...] will be [based on] 15 cities and 64 municipalities”⁴, which is a reasonably high number in both cases, considering Estonia’s small population (see *Map 1* that shows all those administrative units, indicating their population on 2017).

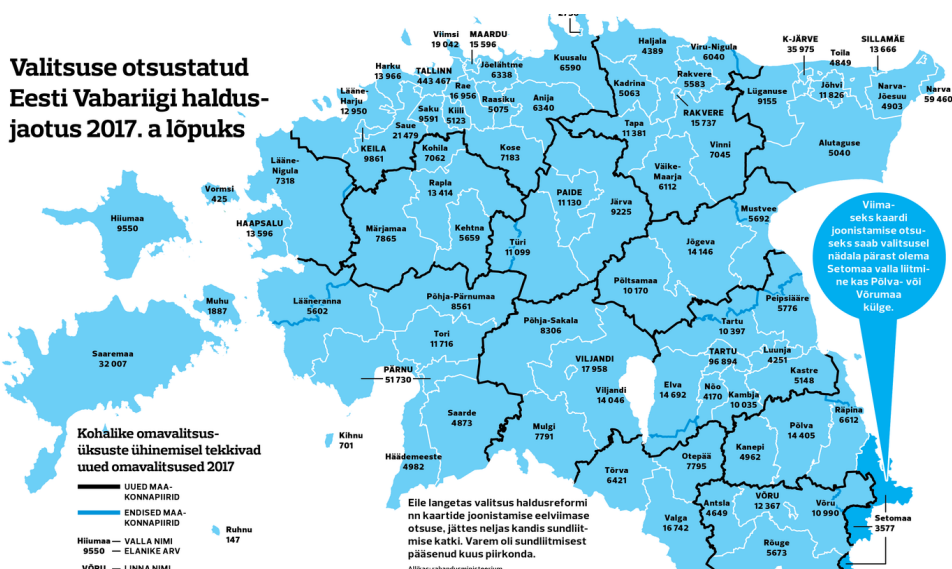
¹ Tiit Tammaru, ‘Urban and rural population change in Estonia: Patterns of differentiated and undifferentiated urbanisation’, 2000, p. 113. Available from [<https://onlinelibrary.wiley.com/doi/pdf/10.1111/1467-9663.00241>].

² Tiit Tammaru, ‘Urbanization in Estonia in the 1990s: Soviet legacy and the logic of transition’ in *Post-Soviet Geography and Economics*, 2001, 42:7, p. 504.

³ Tammaru, 2000, p. 114.

⁴ Anneli Ammas, ‘New map of Estonia: 15 cities, 64 municipalities’ in *Postimees*, 7 July 2017. Available from [<https://news.postimees.ee/4171319/new-map-of-estonia-15-cities-64-municipalities>].

Map 1



Source: Alari Paluots and *Postimees*.

Finally, there is a note on Estonian society’s current socio-professional status and its development over the recent years. Once again, a historic perspective needs to be mentioned, because in the end of XVIII century, “a strict social structure was maintained”¹ in the areas where Estonia is located now. As determined, in 1782, Estonian population “was divided according to social class as follows: nobility 0.6 per cent; the clergy, townspeople, and other free people 4.2 per cent (excluding the Swedish ‘free peasants’ of the coast and islands, resident since the XIII century); peasants, of whom most were serfs, 95.2 per cent”². Even though it can easily be treated as a piece of historic trivia, the country’s societal memory carries it on. Therefore, as it was argued by Jaan Masso, it is still “quite a

¹ ‘Population: ethnic and social structure’.

² ‘Population: ethnic and social structure’.

slippery road” to classify a middle class in Estonia¹. The problem is not about proper measurements or counting the digits correctly – the actual difficulty is in volatility or even vagueness of what Estonians understand as ‘middle class’. Possibly, it can also me about “self-belief”; for example, in 2009, 54 percent of the populations understood themselves as belonging to the country’s middle class, but three years later (when Estonia had a higher GDP per capita and a bigger budget) the perceivably middle-class societal segment was much “thinner” or 47 per cent².

A 2018-issued macro-economic research, conducted by the Baltic region’s biggest bank, *Swedbank*, revealed that middle class income has been growing substantially in the Baltics, with the median household income tripled in Estonia 2005 to 2017³. In a significant addition, less than half of Estonian households meet the Western European income standard, but it is a tremendous ‘jump’ from, for example, 2005, when only 10 per cent of the country’s households were on the par with Western Europe, income wise⁴. At the same time, as it was noted in the report, “[d]espite positive developments, income inequality remains a pressing issue”⁵, and some of the issues are related to a range of concerns on ‘at-risk-of-poverty rate’ (see *Table 1*) and ‘long term unemployment rate’ (see *Table 2*). Characteristically for these two bits of data, the differences between ethnic ‘Estonians’ and ‘non-Estonians’ are existent but not dramatic, which ‘tell’ a positive story on the country’s integrational policies. Back to the *Swedbank*’s report, the study’s participants agreed that “a person with a net monthly income in the range of EUR 1,450-2,200 [per month] can be

¹ Jaan Masso as cited in Villu Päärt, ‘Kes on keskklass? Kus on keskklass?’, *Õhtuleht*, 23 November 2014. Available from [<https://elu.ohhtuleht.ee/604991/kes-on-keskklass-kus-on-keskklass>].

² Päärt.

³ Kati Voomets, ‘Survey: one third of the Estonian population considers themselves to belong to the middle class’ in *Swedbank*, 9 December 2018. Available from [<https://kukkur.swedbank.ee/analuisid/uuring-kolmandik-estielanikest-peab-end-keskklassi-kuuluvaks>].

⁴ Voomets.

⁵ Voomets.

considered to belong to the middle class”¹. In the third quarter of 2020, the “average gross monthly wage in Estonia [...] was EUR 1,441”².

Table 1: At-risk-of-poverty rate anchored in time by ethnicity

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Reference period	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
Ethnic nationality																
Estonians and non-Estonians	9.6	6.7	5.1	4.4	6.0	15.6	29.0	31.0	20.4	14.9	15.3	15.5	12.8	11.0	11.7	12.5
Estonians	9.2	6.3	4.7	4.5	6.0	13.9	25.2	28.3	18.5	12.9	14.2	13.8	10.9	9.7	10.3	11.2
Non-Estonians	10.6	7.4	6.2	4.0	6.1	19.7	37.8	37.4	24.8	19.7	17.8	19.5	17.9	14.4	15.3	15.9

Source: Statistics Estonia

Table 2: Long-term unemployment rate

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Reference period	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
Ethnic nationality																
Estonians and non-Estonians	51.1	54.2	48.6	49.8	31.1	27.3	45.3	57.3	54.7	44.5	45.3	38.3	31.6	33.5	24.9	20.0
Estonians	45.1	47.7	41.3	43.8	29.5	25.8	42.9	52.5	48.5	38.3	37.0	37.1	27.8	27.9	20.7	17.8
Non-Estonians	55.8	59.5	54.7	56.1	32.9	29.0	47.9	62.5	61.2	51.7	56.2	40.2	36.5	39.7	30.9	23.0

Source: Statistics Estonia

Most definitely, the post-pandemic data on any micro- and macro-socio-economic indicators will be different. The most-recent February-issued restrictive measures will be having a severe effect Estonian society. But let us finalise this brief on a positive note. Estonia, as a society, is very close to reach '80 year' as the country's 'life expectancy at birth' for both males

¹ Voomets.

² 'Lithuania's average wage rises above Estonia's' in *ERR*, 18 December 2020. Available from [<https://news.err.ee/1212541/lithuania-s-average-wage-rises-above-estonia-s>].

and females (see *Table 3*). With only a couple of exceptions, these are ever rising figures from 2004. Estonian society lives longer as a people.

Table 3: Life-expectancy at birth by sex

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Reference period	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼	▲▼
Sex																
Males and females	72.43	73.06	73.22	73.19	74.29	75.20	75.90	76.39	76.46	77.28	77.16	77.71	77.78	78.23	78.37	78.82
Males	66.78	67.64	67.68	67.49	68.90	69.98	70.84	71.34	71.36	72.70	72.32	73.08	73.17	73.65	73.86	74.41
Females	78.00	78.29	78.60	78.80	79.41	80.06	80.54	81.01	81.17	81.33	81.54	81.85	81.90	82.34	82.44	82.77

Source: Statistics Estonia

Social Strata in Hungary over the Last 30 Years

Csaba Moldicz

This briefing looks at the changes in the social strata of Hungarian society over the last 30 years. There are many aspects of social progress, such as demography, the situation in education, youth, older cohorts, health, culture, and social security, etc. that can be selected to analyze the changes in the Hungarian social strata, however this briefing focuses mainly on the distribution of income within society, as this is the most important indicator that clearly influences all other areas as well. This short analysis first gives an overview of the more significant changes in income distribution based on the Gini index, then it centers on the more pronounced changes of the last fifteen years where social progress indicators such as the poverty rate or at-risk-of-poverty threshold are analyzed. A brief regional comparison of the Central and Eastern European countries is also provided in the briefing.

1. From the 1980s to the Global Financial Crisis

The economic transformation of the 1990s significantly changed the social stratification of all former socialist countries in the Central and Eastern European region, including Hungary. The market economy opened new opportunities for those who were better qualified or willing to start a new business and for those who had a better education or starting position in society, but at the same time the transition process also created "losers" in the Hungarian society in the form of mass unemployment and so the distribution of income within society became increasingly unequal, as the changes in the Gini index¹ point out. (At this point it should be added that the particular method of coping with mass unemployment in the 1990s was the creation of early retirement schemes, which in the 2000s led to the

¹ The Gini index, or Gini coefficient measures the distribution of income across a population. The coefficient ranges from 0 (or 0%) to 1 (or 100%), with 0 representing perfect equality and 1 representing perfect inequality.

problem that Hungary had an extremely low employment rate. This situation has improved only in the last decade).

Using the Gini index, we can see that income inequality began to increase as early as the 1980s, but the first years of economic transformation saw a sharp increase in income distribution, and the indicator jumped from 0.24 in the 1980s to 0.30 in 1995. These years could be characterized by massive unemployment,¹ a sharp decline in GDP² and the total collapse of Hungary's foreign trade as other formerly socialist economies in the region collapsed. (This market made up 42 percent of the Hungarian export!) Galloping inflation was curbed by raising interest rates, which reached 28 percent in 1995, which in turn led to falling domestic demand.

Despite the robust economic recovery between 1995 and 2006, the modernization of the economy — fueled by massive inflows of foreign direct investment and growing external demand — did not translate into a more equal distribution of income. During this period, the poorly educated and the older cohorts also suffered. The nadir of the unequal income distribution was reached in 2005, when the Gini index was 0.34. The first period in which we could see that income inequality was decreasing was the period between 2004 and 2008.³ During this period, the Gini index decreased to 0.27 in 2007 and 2008 (see Table 1), but the long-term effects of the Global Financial Crisis (2008-2009) slowly brought the Gini index back to its original level, reaching 0.31 in 2014, according to the World Bank database.

Since then, the indicator has been slightly declining until it reached 0.30 in 2018, which is the latest data available at his point in the OECD database. Data showing the impact of the economic crisis caused by the Covid-19

¹ In January 1991, unemployment rate was 1.9 percent, which number skyrocketed to 12.7 percent in December 1991. The number of unemployed people jumped from 79 thousand in 1990 to 663 thousand in 1993.

² Between 1989 and 1993 the GDP declined by 18 percent.

³ Kopasz, et al (2013). Growing Inequality and Its Impacts in Hungary. Country Report for Hungary January 2013 <http://gini-research.org/system/uploads/448/original/Hungary.pdf?1370090544>

pandemic will arrive later, but it is not far-fetched to say that income inequality in society is expected to increase as entire sectors of the economy were affected by the crisis.

Table 1. Hungary's Gini index between 2004 and 2017													
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
0.29	0.34	0.28	0.28	0.27	0.27	0.29	0.29	0.30	0.31	0.31	0.30	0.30	0.30
Source: World Bank database													

Table 2. Gini index of Central and Eastern countries in 2018	
	Gini index
Bulgaria	0.40
Lithuania	0.36
Latvia	0.35
Romania	0.35
Hungary	0.31
Estonia	0.30
Poland	0.28
Slovakia	0.24
Czech Republic	0.24
Slovenia	0.23
Source: OECD database	

If we compare Hungary's latest Gini index with that of the OECD countries, the country can be found in the middle, however if we look closely at the results of the other Visegrad countries and Slovenia, income inequality amongst them is the highest in Hungary. At the same time, we should add that the Baltic countries (Latvia and Lithuania) and the Balkan countries (Romania and Bulgaria) have higher income inequality based on the Gini index. (See Table 2!) It is not difficult to see the correlation between per capita income and income inequality in these

countries. The higher the GDP per capita, the less unequally distributed incomes characterize these countries. It must be added that this correlation is not global, as we can see in countries such as the United States (0.39) or the United Kingdom (0.39), where a high GDP per capita is associated with a very unequal distribution of income.

2. Poverty in Hungary after 2006

The at-risk-of-poverty rate¹ in Hungary dropped significantly after 2006, although the process was put on hold by the Global Financial Crisis (2008-2009) and even reversed for a few years. After 2014, the rate significantly dropped again. (See Table 4!) It should be added that the rate per se does not measure wealth, but low income compared to other residents. In other words, it does not necessarily mean a low standard of living.

Table 3. At-risk-of-poverty rate in Hungary between 2006 and 2019 (in percent)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
16.0	12.3	12.0	12.4	12.3	14.1	14.3	15.0	15.0	14.9	14.5	13.4	12.8	12.3

Source: Eurostat database

To put this figure into perspective, the at-risk-of-poverty thresholds must also be taken into account. This was €2,696 in Hungary in 2011. The at-risk-of-poverty threshold has increased by around 30 percent between 2011 and 2019, which shows the country's social and economic progress in recent years. At the same time, progress measured in absolute terms has not put Hungary amongst the top of the countries within the Central and

¹ The poverty ratio measures the ration of people below the at-risk-of-poverty threshold, which is defined as 60 percent of the national average income after social transfers.

Eastern European region. Table 4. shows the at-risk-of-poverty index in regional comparison measured in euro.

The at-risk-of-poverty rate is much higher when measured excluding social transfers and pensions. As we could see above, this indicator was 12.3 percent in Hungary in 2019, but if we exclude the positive effects of social transfers and pensions, this figure jumps to 43 percent (2019 data). If we add pensions, the figure is 20.0 percent (2019 data).

This is the point where it is easy to understand that the fight against poverty involves rapid economic growth, but relying only on rapid growth is not a

Table 4. At-risk-of-poverty index in Central and Eastern countries (2019 data, €)	
Slovenia	8,444
Estonia	6,877
Czech Republic	5,997
Latvia	4,912
Slovakia	4,872
Lithuania	4,552
Poland	4,275
Hungary	3,511
Bulgaria	2,534
Romania	2,310
Source: Eurostat database	

sufficient means to achieve this goal, since the role of the state in this fight is undeniable.

3. Summary

There are three main features of Hungarian social development that need to be emphasized. First, we could see that large external shocks (such as the Global Financial Crisis and very likely effects of the present economic crisis caused by the lockdowns) strongly influence social progress and tend to increase income inequality within society. Secondly, we could also see that the best way to alleviate social tensions is to increase economic growth, but

this strategy alone is not enough. Before the Global Financial Crisis and the 2020 economic crisis, we could see that income inequality has decreased in Hungary. Thirdly, we could also see that the role of the state

is still significant when it comes to distributing income within society and at least partially compensating the losers of the process. This finding contradicts the criticism that highlights the alleged downsides of the Hungarian approach to the labor market. The government's strategy is to build social progress on work and much less on social transfers. What we could see here is that this system of social transfers nevertheless has a significant impact on poverty.

Changes in Latvian Social Strata in the Past 30 Years

Nina Linde

Introduction

The last 30 years for Latvia have been very fruitful but it is difficult to say that only positive changes had a place in the social structure. The overall trend of life quality is increasing. However, the most challenging issue for the country since the accession to the European Union is the population outflow and aging. The important note is that the full independence of Latvia after the dissolution of the Soviet Union was in 1991.

To analyse the changes in Latvian social strata vital social indicators are used such as average monthly wages, minimum monthly wages, the purchasing power of employed population, enrolment and graduation in the higher education institutions and colleges active population employment status and average old-age pensions in the country.

Dynamics of income in Latvia

To get a better understanding of current social stratification in Latvia and compare it with the last two decades, the main indicator to analyse is **average monthly wages and salaries**, as it reflects the situation for the majority of the population.

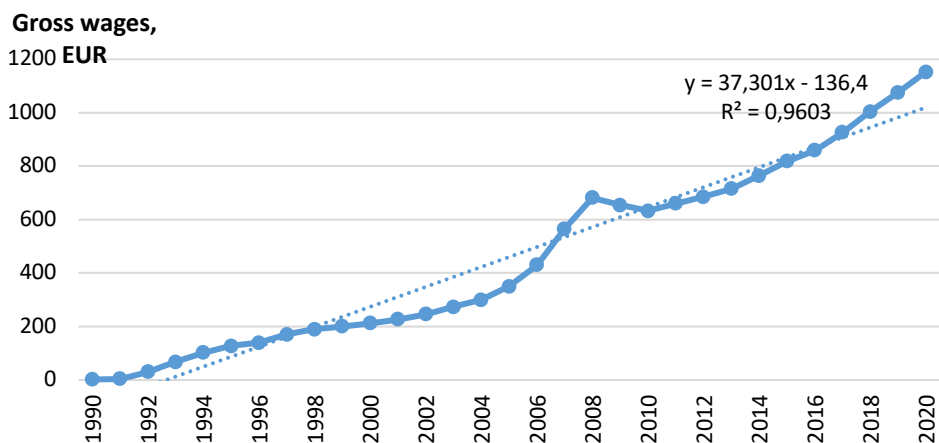


Figure 1: Dynamics of average monthly wages and salaries

Source: Image developed by the authors using CSB¹ data and calculation results

As shown in the Figure 1, the wealth of Latvian society is growing yearly, which is one of the main indicators of the growing middle class in the country. According to the World Bank country classification², Latvia now is the high-income economy on the world stage. Comparing with the last two decades, there is a significant increase in average wages of Latvian citizens. It can be said that in the '90s Latvia was fighting mass poverty in the country, and now there is the aim to reach a middle-class level for the whole country.

The changes in the national **minimum monthly wages** are also a significant indicator of social stratification mobility of the country as it is help to reduce poverty and increase social protection of the society.

¹Central Statistical Bureau of Latvia. Available at:
<https://www.csb.gov.lv/lv/sakums>

²The World Bank. (2021). World Bank Country and Lending Group. Available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

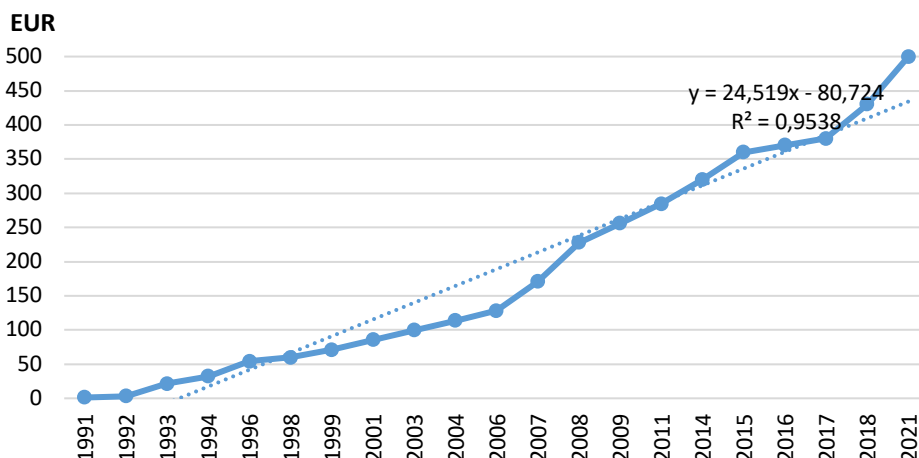


Figure 2: Dynamics of national minimum monthly wages and salaries

Source: Image developed by the authors using CSB data and calculation results

Figure 2 illustrates the dynamics of minimum monthly income in Latvia. The last increase was on the 1st of January 2021 and now reach EUR 500. Overall, the trend is the positive and purchasing power of people with the minimum wage in Latvia is growing steadily. The most difficult times were in the first years of the country's independence. The interesting comparison is that in 2007 the average monthly wage was on approximately the same level (the difference is EUR 66) as the minimum wage in 2021.

For a clearer understanding of the changes in society for the last 3 decades the purchasing power of several widely used products is compared (1995 was the first year with available statistics):

Table 1: Purchasing power of employed population

	1995	2000	2005	2010	2015	2020	2020/1995
Beef, kg	56	76	94	119	126	146	161%
Milk, litre	319	493	502	620	793	927	191%
White bread, kg	167	213	293	288	363	444	166%

Source: Table developed by the authors using CSB data and calculation results

The dynamic is positive and rather intensive, so the purchasing power of beef and white bread increased more than thrice, while the purchasing power of milk skyrocketed almost four times since 1995. This data shows that the level of life has increased not only in the currency value but also with the significant increase in products that the population can afford.

Dynamics in the education and employment of the population

Vital indicators for social stratification are **level of education and employment in the country**. As the provision of elementary and secondary education was not an issue for Latvia since the declaration of independence and before it, the most interesting changes for social stratification are reflected in the number of people attending higher educational institutions and unemployment statistics.

Table 2: Enrolment and graduation in the higher education institutions and colleges

	1995	2000	2005	2010	2015	2020	2020/1995
Enrolment per 10 000 population	189	430	589	501	428	413	119%
Enrolled	12 983	32 950	43 826	31 012	29 083	29 504	127%
Graduates with awarded degree	8 333	15 009	26 124	26 545	17 021	14 370	72%

Source: Table developed by the authors using CSB data and calculation results

The most notable indicator here is that already after ten years of independence enrolment per 10 000 population had skyrocketed (from 189 people in 1995 to 430 people in 2000), this indicator shows the increase in

the share of educated people in Latvia. So, the increase between 1995 and 2020 is 119% (from 189 to 413 per 10 000 population), showing that the Latvian population has become more educated.

Even though Latvian citizens have more resources and opportunities now in comparison with the past two decades, but due to population outflow the number of people who are planning to receive a higher education is not growing. It is connected to the fact that after the accession of Latvia to the European Union, a lot of people emigrated to other EU countries and the majority of these people are young. They could be the potential students and labour force. However, the elder population does not emigrate, therefore, this demographic imbalance has caused a slight declining trend in the number of people in higher educational institutions.

Table 3: Active population employment status

	1996	2000	2005	2010	2015	2020	2020/1996
Active population	71,7	67,2	69,1	73,0	75,7	77,6	8%
Employed	57,0	57,3	62,1	58,5	68,1	73,5	29%
Unemployed	14,7	9,8	7,0	14,5	7,6	7,7	-48%

Source: Table developed by the authors using CSB data and calculation results

In general, the active population has increased by 8% for the last three decades. Considering, the outflow of people due to EU accession, this indicator illustrates a positive and encouraging result. The increase can be explained by the immigration of people from third world countries to Latvia, especially from post-Soviet countries.

The percentage of employed increased by 29%, which is an extremely significant change, considering that the world crisis in 2008 had a huge negative impact on the Latvian economy. At the same time, the unemployed population decreased by 48% since 1995. This indicates overall positive changes in the country's economy and people's level of

life. A slight decrease in 2020 is explained by the Covid-19 crisis, which will have an impact on the economy of Latvia in the next few years. In 2021 the unemployment rate is expected to grow, for example at the end of January this year, the registered unemployment rate in Latvia reached 8% of the economically active population, which is 0.3 percentage points more than a month earlier, according to the State Employment Agency.¹ To be more exact, at the end of January this year, a total of 72,612 unemployed people were registered with the State Employment Agency, which is 3,007 people more than a month earlier, when 69,605 unemployed people were registered with the agency.

Old-age pension dynamic

Social protection of the population illustrates the ability of the state to decrease the stratification and improve the level of life in the country. The main indicator here is the size of the old-age pension:

Table 4: Average old-age pensions in EUR

	1991	1995	2000	2005	2010	2015	2020
Old-age pensions	1,11	42,9 3	82,2 3	114,5 8	250,2 5	273,4 0	367,0 5

Source: Table developed by the authors using CSB data and calculation results

The level of pension in Latvia has increased significantly for the last 3 decades, and the growth is stable without any fluctuations. A developed society is characterized by a high level of social protection, and as it can be seen Latvia is on the way to becoming one.

Summary

¹ LSM.lv. (10.02.2021). Reģistrētā bezdarba līmenis Latvijā janvāra beigās sasniedzis 8%. Available at:

<https://www.lsm.lv/raksts/zinas/ekonomika/registreta-bezdarba-limenis-latvija-janvara-beigas-sasniedzis-8.a392287/>

Throughout the last 30 years, Latvia has faced a plethora of significant changes, which influenced social stratification in the country. In general, the population has become wealthier and safer but still, the biggest challenge of the country is the outflow of people abroad and population aging. Due to emigration a lot of young people and potential students and labour force had left the country. Therefore, now the increase in active population compensate immigration of people from the third world countries.

Latvia is moving to the middle-class economy, where the level of social stratification is low. Active population is growing as well as per cent of employed people. Besides, the main indicators of income and purchasing power of the population continue increasing. Finally, social protection is improving from year to year, meaning that citizens of the country can have a better understanding of their future life and protection from the state. The final goal is to reach the level of social protection that allows maintaining a way of life of the average employed person for everyone in society. However, the main question is how to retain the population in the country and attract those who have already left, and to overcome COVID-19 negative impact on the Latvian economy.

An Outlook of Lithuania's Social Structure at the Time of the Pandemic

Linas Eriksonas

The pandemic has brought to the fore two pertinent questions about sustaining social cohesion and solidarity in a society facing the continuous and recurrent waves of COVID-19. First, it is the old new question of social equality; the weakest society members have been disproportionately affected, losing livelihoods, jobs, and some prospects for the future, especially those involved in the economy's most impacted sectors (services, hospitality, retail). Second, it is the less discussed issue of social mobility related to the possibilities of individuals and households to move through a system of social hierarchy or stratification upwards. Due to the restrictions placed upon individuals because of the strict quarantine measures, the society spent almost half a year indoors, lessening the degree of social interactions and thus decreasing social capital, which is one of the major determinants for social mobility. The latest data have shown that several professions almost became obsolete overnight, while demand for others increased, creating further jobs and skills mismatch and a digital divide, especially among the youngest and the oldest members of the labour force nation-wide.

Hence, the government has declared one of its immediate aims to provide equal re-start opportunities for all. The assumption is that the economy's structural adjustment under the pandemic could give impetus to propel society from being socially uneven and entrenched in the inequalities such as income inequality, gender inequality, age-based inequality to becoming more egalitarian and socially upwardly mobile citizenry.

Below is an outlook of Lithuania's social structure during the pandemic, trying to identify the main drivers that have shaped the country's social fabric over the last three decades. It also considers the potential risks that

the continuous and recurrent pandemic can pose to society's social cohesion and the challenges ahead.

There is a disagreement over the causes if not the extent of social inequality in Lithuania. Those who point out to the current high level of income inequality (Lithuania's Gini coefficient is among the highest in the EU, noted in all recent official reports, including those of the European Commission and OECD) argue that such levels of inequality are due to the limited progressivity of the tax system, wide gaps between low-skilled and high-skilled workers and an inadequate benefits system. Others look, by following Thomas Piketty, for more systemic causes by explaining the social inequality as a result of political decisions rather than economical necessities. Here the argument is that inequality emerges where members of society have lesser and uneven opportunities to attain quality education, acquire the specialised skills required for taking up well-paid jobs, or make investment decisions to participate in a wider economy. The limited possibility of intergenerational accumulation and transmission of wealth is what creates the disproportional differences among households.

Lithuania's households can be divided into three social groups based on personal income figures: the upper class, the middle class and the lower class. The middle class is the largest part of society. Yet, there is no clear understanding of how large this middle stratum is. According to the Swedbank analysts who have been surveying the country's consumer market segments, at the end of the last year, about 57 per cent of the population could be attributed to the middle class. The middle-income households are defined according to the nomenclature used by OECD, where a middle-income class refers to households with income between 75 and 200 per cent of the median national income. The estimates indicate that the upper class includes about 10 per cent of Lithuania's society; this segment receives one-third of all the income in the country that is taxed. It is also reported that two-thirds of the household, approximately corresponding to what is reported as the middle class, receive about 40,5 per cent of all declared personal income. Thus, the lower class (about a

fourth of the population, if the above estimations are correct) takes about 30 per cent of all the income. However, the analysts are well aware that the income statistics do not reveal the real depth of the socio-economic differences between different groups of households or classes. The key to understanding the social structure is the ownership of tangible assets (cash, stocks, bonds, property, buildings, equipment, inventory, precious metals, art objects) – the distribution of the accumulated wealth. Yet, a rather extensive shadow economy (which, according to the publicly available estimations, could amount to 25 per cent of GDP) makes it difficult to see the overall picture of the wealth distribution across different social groups or households.

Here, perhaps a more suitable approach is to look at a class structure as a social construct by looking not at individuals' income figures but by asking them what social strata they attribute themselves to in the first place. According to the public survey conducted for Swedbank last autumn, one per cent of the respondents saw themselves as the elite, that is the higher upper class. About 10 percent of the survey cohort regarded themselves as the upper middle class. Fifty-nine per cent stated their belonging to the middle class, yet at the same time pointing out the need of additional income by 60 per cent to live decently which brings into question whether all they can be attributed to the middle-income households. Further, 25 per cent identified themselves with the lower middle class and 6 per cent acknowledged that they were poor. What is significant is that these figures have remained relatively stable for the consecutive number of years; the identification with the upper-middle class and the middle class increased only by 1 per cent between 2019 and 2020, while the share of the respondents identifying themselves with the lower middle class decreased by 2 per cent. It clearly shows that social mobility during the period of the highest growth of the economy (when Lithuania's GDP grew almost 4 per cent) has been minimal and that Lithuania's social structure has been almost fixed.

The Global Social Mobility Index 2020 (published by the World Economic Forum last January) identified several vital aspects of social mobility, where Lithuania has been underperforming compared to other EU countries. Those highlighted aspects being social diversity in schools (a widening gap between the quality of education in the private and public schools which do the pre-selection of pupils), lack of active labour market policies (the existing policies are aimed at supporting mainly low-skilled jobs). There is a relatively high level of unemployment among labour force with basic and intermediate education, as well as among labour force in rural areas, low levels of income paid to workers persist in the economy, low level of cooperation in labour-employer relations, low ratio of collective bargaining ratio and low level of social safety net protection.

The recent data released by the State Social Insurance Fund Board on the changes in personal income during the fourth quarter of the last year, when the second wave of the pandemic struck, have confirmed that the income changes are dependent on the workers' social conditions. Though on average the salaries grew by 11,3 per cent and 13,3 per cent during the third and fourth quarters of the last year and the number of socially insured workers decreased only by 1,9 per cent, this average salary growth came at the cost of the lost jobs. As of 1 February, the unemployment level reached 16,4 per cent, which is more than twice the EU average. The number of unemployed women in Lithuania was up by 88,9 per cent compared to the situation a year ago before the government introduced the quarantine measures to combat the pandemic's first wave. The unemployment of men increased during the same period by 69,3 per cent. The number of self-employed decreased by 58 per cent, thus indicating that the individual and small enterprises have been hit hardest. The pandemic's negative impact on personal income has been correlated with social class. In other words, it shows that the lower the rank of the social class one belongs to, the higher risks of downward social mobility.

The researches identify three types of factors which have caused the income and social inequality in Lithuania. Firstly, it is related to the

economic policies of the state. Lithuania has not introduced progressive taxation and most of the taxes collected are personal income tax. The taxation of capital has not been supported by any of the governments during the period of the initial accumulation of capital in society. Secondly, the socio-demographic factors such as the out-migration of almost a third of the labour force have contributed to the substantial loss of workforce and creative talent. Thirdly, the psychological factors including the physical and mental health of the population, personal characteristics and attitudes, thinking, behavior, fears and traumas have adversely impacted society. Lithuania has had the highest record of suicides in the EU (in 2016 28.3 cases were reported per 100,000 inhabitants). The latest research has shown that, as reported, “in the case of Lithuania, macroeconomic and labour-market conditions appear to be strongly linked to total and males suicides”. A further explanation is sought in the post-traumatic stress caused by prolonged periods of terror in the post-war generations. Over the last few years Lithuania has opened up the discussion about mental health issues and hotlines are being developed more actively, together with reforms in hospitals and mental health centres. Yet more active labour policies increasing the prospects of the future for both the youngest and the eldest members of the society are still to be formulated and put into practice.

Hence, the government's call for equal opportunities to restart one's life and the planned initiatives to infuse society with a more upbeat entrepreneurial spirit at all age groups, including the seniors, gives some hope.

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Changes in Montenegro's Social Strata in the Past 30 Years

Vojin Golubovic

Montenegro, like most countries of the former Yugoslavia, has undergone a number of political, economic, but overall social changes over the past thirty years. It is currently a small independent state on its way to the EU. However, in the early 1990s, Montenegro was part of the Socialist Federal Republic of Yugoslavia (SFRY), and since 1992 part of a joint state with the Republic of Serbia. Montenegro gained its independence in 2006. Independence followed a decade of conflicts in the former SFRY, as well as the transition to a market economy.

Such intense events in a relatively short period of time, as well as the subsequent economic crises faced by the young independent state, were reflected primarily in changes in the social structure of the population. These changes can be observed from the aspect of living standards, but also from the aspect of the movement of the Montenegrin population (internal and external migrations), as well as through changes in cultural habits that have resulted in changed age structure and educational structure of Montenegrin population.

Changes in living standards

The abovementioned changes had the most significant consequences for the living standards of Montenegrin citizens, which have changed significantly over the past three decades. The rather high standard of living of the late 1980s was deteriorated sharply due to events in the early 1990s. In addition to the war in the region, this was also affected by sanctions, as well as a huge influx of refugees from war-torn countries¹. In addition, Montenegro has inherited a cumbersome state apparatus, with a huge number of employees in public sector (including those employed in state-

¹ In the period 1990-2000, Montenegro received tens of thousands of refugees, mostly from Bosnia and Herzegovina and Kosovo.

owned enterprises). The mental transition towards an environment that assumed abandoning the habit of expectations that state will resolve all problems, had its costs. These costs were reflected mostly in the form of social costs related to employment reduction and the rationalization of public spending. Thus, high unemployment is a characteristic that has persisted throughout the entire period of the last 30 years, despite occasional periods of economic expansion. The unemployment rate varied between 20-30% until the early 2000s, and even at the peak of the economic cycle immediately after gaining independence (2008), the unemployment rate was over 17%.

It was high unemployment that had a reciprocal effect on the increase in poverty and poorer living standards, especially during the decade 1990-2000. The Human Development Index fell from 0.789 in 1990 to 0.755 in 1999, while it began to increase after that period¹. Poorer living standards and higher exposure to poverty have led to the fact that the average life duration has decreased from 75.2 years in 1991 to 72.7 years in 2007, which can be attributed to the economic weakening and social stresses of the 1990s. Since 1991, the average life duration Montenegrin men has decreased by 1.4 years, from 72 in 1991 to 70.6 in 2007. During the same period, women suffered even more and lost 3.6 years of average life duration (it fell from 78.4 in 1991 to 74.8 in 2007). However, the gradual economic recovery that followed led to a somewhat higher standard of living, which resulted in a longer average life duration, as well as a longer life expectancy, which according to MONSTAT projections amounts 77.3 years.

However, the economic recovery and growth achieved after gaining independence did not go so much in favor of poverty reduction. Poverty declined significantly from the early 2000s until 2008 and then began to rise again, as did exposure to the risk of poverty. Poverty followed the U-

¹ According to the latest Human Development Report, Montenegro is high in the category of human development, ranked 48th out of 189 countries with an index value of 0.829 (data for 2019).

shaped curve until 2012: it fell from 11 percent in the mid-2000s to the level of 4.9 percent in 2008, and then increased to over 10 percent by 2012. Then there was a slight decrease during 2013, and then the calculation methodology was changed by MONSTAT¹. According to the new methodology, the at-risk-of-poverty rate fell from 25.2% (in 2013) to 23.6% (in 2017) and then rose again until 2019 (when it amounted 24.5%). Younger people had a higher at-risk-of-poverty rate. What is worrying is that the rate of severe material deprivation in 2019 amounted 12.0%, although it shows a slight decline over the period. From the period from the early 1990s, when there was no large difference in income distribution, Montenegro registered an increase in inequality. According to data for 2019, 20% of the population with the highest income earned 6.7 times more than 20% of the population with the lowest income. The Gini coefficient, as an indicator of income inequality, was 34.1 in 2019 and also shows a decline from 38.5 in 2013. However, according to UNDP data from 2009, this coefficient was lower (lower inequality) and amounted to 26.8%.

Changes in demographic and educational structure

The decline in living standards, like all other social events in Montenegro, especially during the 1990s, inevitably affected the demographic structure of the population. The smaller number of newborns was registered, which consequently had impact on the age structure of the population. At the same time, the death rate rose from 6.7 in 1991 to about 10.5 deaths per thousand people in 2019 (when a mortality rate registered a record high), while the birth rate and fertility rate dropped significantly. The demographic picture has also changed significantly due to external migration, which has been intense, especially during the 1990s, but also during the last few years. The reason for numerous emigrations was the search for better employment and living conditions. Thus, compared to 1991, when about 4% of Montenegrins lived abroad, that percentage doubled in one decade. Later

¹ MONSTAT has started using the so-called Survey on income and living conditions (SILC) to calculate poverty rates and exposure to poverty (previously World Bank's methodology was used).

migrations were encouraged not only by job search but also by ability to educate abroad, especially after gaining independence.

In addition, there have been significant internal migrations over the past three decades. In the period between the 1991 and 2011 Censuses, there was a decrease in the number of inhabitants living in rural areas by almost 30 thousand, i.e. a decrease in the share of the total population from 41.9% to 36.7%. Although a new population census is awaited, it is assumed that this trend has continued over the last decade. Along with significant changes in the number of people living in urban/rural areas, during the last three decades intensive changes can be noticed, observed by regions. Due to various factors (shutdowns of factories during the 1990s, poor infrastructure, etc.), the Northern region of Montenegro recorded a significant decrease in the total population, mainly due to the migration of the younger population. On the other hand, the Central and Coastal regions recorded an increase in the total population, both due to immigration from the north and due to more positive vital statistics. The highest spatial mobility of the population within Montenegro has been recorded during the last few years, when on average 1% of the population of Montenegro changed their place of residence, annually.

In terms of population literacy, there was a significant decrease in the number and share of illiterate persons in Montenegro during this period. The percentage of illiterate population has decreased from 6.1% to just over 1% over the last 30 years. The transition of the economy has affected that over the last 30 years the demand for labor has shifted to higher levels of qualifications, which has also affected the educational structure of the population. The change of dominant sectors in the economy required that more and more new jobs require higher levels of qualifications.¹ The percentage of people with higher education has increased significantly,

¹ For example, according to the World Bank, employment of workforce with tertiary education in Montenegro increased by over 40 percent by 2014 compared to 2008, while in the same period the employment of workers with the primary education fell by over 40 percent.

especially in the last decade. Also, the difference between the levels of education of men and women is narrowing, as the percentage of women with higher levels of education is increasing. However, as more and more of those entering the labor market have higher levels of education, there is obvious an increased share of these persons among unemployed. This can negatively affect their attitude toward staying in Montenegro.

Hence, it seems that despite some developments over the past 30 years, Montenegro has failed to reconcile growth periods well with the possibility of poverty reduction, which has been reflected in other social trends, such as emigration and the production of the unemployed among highly educated population. Growth has not been well followed by development, which continues to create a number of social problems.

The Class Structure of Macedonian Society after 1991: Economic and Socio-Political Implications

Gjorgjioska M. Adela

The class structure of Macedonian society underwent extreme changes in the past three decades. The neoliberal reforms of the 1990s changed the ownership of the large majority of the public/state owned enterprises by converting them into privately owned companies. This resulted in massive layoffs and the establishment of a wealthy new capitalist class, which accumulated not only a large share of the former socialist state's property and resources, but also political power. In parallel, the reduction of the welfare state resulted in the erosion of previously free and public services such as healthcare and education, and their transformation into profit making enterprises. These processes resulted in a corresponding dispossession of the middle and the working class. Various new socio-economic dynamics were unleashed: poverty, rise in unemployment and socio-economic inequalities and the shrinking of the middle class.

Inequality - indicators and socio-economic consequences

According to the World Inequality Database, in 1991 when the Republic of Macedonia became independent its Gini coefficient had been around 27%.¹ This figure soared exponentially as a consequence of the socio-economic shocks of the privatization of state assets and the massive layoffs of workers.² By 1996, the Gini coefficient had risen to 36%. In the years that followed, income inequality remained unchanged or continued to increase. The bottom 50% which was the most severely affected social strata in the transition period experienced a continuous deterioration. Economists argue

¹ <https://wid.world/country/macedonia/>

² file:///Users/adelagjorgjioska/Downloads/Beyond-income-inequality-in-NM_EN.pdf

that the progressive tax structure which was in place between 1991 and 2017, has been responsible for preventing a further surge of income inequality. At the same time however, they consider this to have come at the expense of job creation, which was very sluggish. The country recorded its highest unemployment in 2005 of 37.3%.¹

Income inequality started to decrease in 2010. The Gini coefficient dropped from 40,9% in 2010 to 31,9% in 2018, a period which largely coincides with the Gruevski-led Government (2006-2016). The drop can be attributed to the compounded effect of a range of state interventionist measures such as ad-hoc pension increases, increases in social assistance, the introduction and the subsequent increases of the minimum wage, unemployment reduction, wage increases and agricultural subsidies. Nonetheless, the income of the lower, lower-middle, as well as the middle class largely remained locked as large sections of them remained concentrated in low-productivity sectors, such as agriculture, the textiles sectors or the public administration.

On a social level, in spite of some improvements in the relative income inequality, poverty and the deepening of the inequalities of opportunities remained a consistent problem throughout. For instance, only 7% of children (3-5 years old) from the poorest quintile attend kindergarten, whilst this percentage is 24% amongst the richest 20%.² Unequal opportunities deepen as children progress in primary and secondary schooling. This is reflected in the PISA education scores, where children from financially disadvantaged households achieve worse results compared to children from well-off households (353 and 386 respectively on Reading; 365 and 395 respectively on Mathematics and 381 and 408 respectively on Science).³ Furthermore, 37% of youth living in the poorest

¹ <https://www.financethink.mk/wp-content/uploads/2019/06/Tax-study-for-web-EN.pdf>

² <https://www.mk.undp.org/content/north-macedonia/en/home/library/poverty/beyond-income-inequality-North-Macedonia.html>

³ Ibid

households have been out of school, compared to a negligible 1% of the richest households. Similarly, the rates for completion of upper secondary education are extremely low among the poorest segments. They also feature worse in terms of their attendance of universities, with rates for completion of higher education at 0%, compared to rates of 40% to 70% for the richest segments.¹ While underemployment is widely present in the country as a whole, youth from well-off households fare considerably better, including five times better on the prime underemployment indicator, i.e. ‘works less than 35 hours, but wants to work more’.² The poverty levels, the income inequality and inequality of opportunities mean that the class disparities are reproduced from generation to generation, creating deep structural barriers on societal mobility and equality.³

The top 1% and 0,1%

In 2017, 14% of income in the country was concentrated in the hands of the top 1% of earners.⁴ However, only 9.1% of the wage mass belongs to the top 1%, suggesting that income inequality in the country is not driven by wages.⁵ Instead, 40.5%, 89.6% and 94.2% of rents, dividends and interest, respectively, go to the top 1%.⁶ The income of the 0,1% is five times that of their immediate neighbour and 14 times that of the 90th centile. The average income in the top 0.1% is seven times that of the remaining 0.9% of the top 1% and an astonishing 34 times that of the 90th

¹Ibid

²Ibid

³ Currently, the poverty rate is above 22 percent and is likely to increase further as a result of the pandemic. This in turn is likely to severely affect the lower, lower middle and middle class in the country.

⁴ <https://wid.world/country/macedonia/>

⁵ <https://www.mk.undp.org/content/north-macedonia/en/home/library/poverty/beyond-income-inequality-North-Macedonia.html>

⁶ file:///Users/adelagjorgjioska/Downloads/Beyond-income-inequality-in-NM_EN.pdf

centile.¹ The data reveals that 99% of the population earn below 1500 EUR per month; 98% earn below 1000 EUR per month, while the bottom 90% earn below 495 EUR per month.² The gross average wage in the country is usually rounded at around 600 euros (2018). However, this figure is the average of a sum which includes the top 1%, which significantly increases the average figure, creating a skewed image of reality. Overall, there is a large inequality between 99% of the population which has a very low standard of living and 1% of the population which is enormously wealthy. It is worth pointing out that the income composition of the top earners originates primarily from non-labour income and includes dividends, capital gains and rent. On a tax policy level, this implies that progressive taxation on income would not be able to address the root-cause of inequality and would not have a big impact on a decrease in the overall inequality in the county, unless it primarily targets the wealthiest 1%. Furthermore, official figures and polices are unable to account for offshore accounts, which are likely to also hold large shares of the wealth of the 0,1% of the wealthiest Macedonians, which cannot be taxed and redistributed.

The political implications of class inequality

In addition to the capitalist class which had become established as a direct consequence of the privatisation of the 1990s, new waves of enrichment have also been propelled forward by each new Government and its corresponding ecosystems of political interests and businesses. The period of relative decrease in income inequality after 2010 also corresponds to a rise in public debt, from 24% in 2010 to 39.85 in 2018 and the current level

¹<https://www.mk.undp.org/content/north-macedonia/en/home/library/poverty/beyond-income-inequality-North-Macedonia.html>

² <https://www.financethink.mk/wp-content/uploads/2019/06/Tax-study-for-web-EN.pdf>

of over 59,5% of GDP.¹ Whilst a part of the debt had been used to fund the social transfers which contributed to the decrease in income inequality, a large share of the debt had been used to increase the finances and power of 0,1% of the population. For instance, contracts for large scale developments such as Skopje 2014² have been granted to those close to the business-political ecosystem close to Gruevski's Government. Since 2017, the SDSM has continued similar corrupt practices in order to channel public debt into maintaining loyalty and support for its own political and business ecosystem.³ Unsurprisingly in this context, the wealthiest individuals are also implicated in the largest corruption scandals. An illustration of this is the fact that two of the wealthiest Macedonians, Jordan Kamcev and Sasho Mijalkov⁴ have both been subject to criminal investigations and arrests in March 2021.⁵

In contrast to the capitalist elite, both the economic and the political power of the 99% has been fragmented. As the overall conditions of the working and middle class deteriorated, so did its vulnerability to political clientelism and patronage, informal practices which have been employed by all major political parties since 1991. These practices have meant that minimum wage salaries, pensions, subsidies in agriculture and basic social security services have been made conditional on party loyalty. Moreover, promotions, hirings and lay-offs in public jobs have also been used as a transaction mechanism to ensure the political support. This in turn has meant that the Macedonian lower and middle classes are locked in clientelistic exchanges, which has impacted on their voting behavior, and by consequence also on their ability to disrupt the domination of the

¹ <https://javendolg.open.finance.gov.mk/>

² <http://skopje2014.prizma.birn.eu.com/>

³ <https://www.sup.org/books/title/?id=30690>

⁴ <https://www.slobodenpecat.mk/en/sasho-mijalkov-se-sproveduva-vodomashen-pritvor/>

⁵ According to Forbes, Jordan Kamcev is considered to be the wealthiest Macedonian, with a net worth of 228 mil euros.#

three main political parties with most developed clientelistic networks- the SDSM, VMRO-DPMNE and DUI.

The class landscape of Macedonian society has been drastically transformed in the past 3. In the process, the Macedonian state has effectively subsidised the emergence of different waves of capitalists, feeding off the privatisation of both state assets, the state institutions and public debt.¹ As the financial and political power of the 1% grew, the working and middle class (the 99%) experienced a decline in both their political and economic power, suffering from low wages, stagnant economy and eroded public services. At the same time, their disenfranchisement from a political system controlled by a wealthy new political-business class has further eroded the ability of the working and middle class to affect socio-political changes which would reform the economy and society as a whole to their advantage.

¹ https://www.cadtm.org/spip.php?page=imprimer&id_article=13363

Changes in Poland's Social Strata in the Past 30 Years

Joanna Ciesielska-Klikowska

Genesis of social changes in the late 1980s

Deep social transformations are nothing new for Polish society. They were usually imposed by external factors, such as World War II or the introduction of the communist system. Looking at the changes that have taken place over the last 30 years, one should briefly present the situation before 1989.

Structure of Polish society at the end of the Polish People's Republic was significantly different from that of the pre-war and the early after-war period, which was typical for backward countries with a weak modernization potential. The country was dominated by peasants and farm workers. In 1945 just over 11% of the population lived in cities. The group of hired manual workers was dominated by farm workers, workers in small factories, workshops and trade, as well as a fairly large group of domestic servants. A significant part of the population was the petty bourgeoisie.

45 years after the end of World War II, the development indicators showed that the effects of communist modernization in Poland were small. Despite significant change in the situation compared to the pre-war period, at the beginning of the political transformation period Poland was not able to join the group of European middle-developed countries in terms of social classes. Despite the fact that the communist project was relatively successful as a way out of profound post-war backwardness, it proved to be completely incapable of pushing the country to a level of higher development.

Thus, entering the phase of changes after 1989, Poland was far from the level at which the countries of Western Europe were at that time. Huge

peasant class was a great burden. Large and demanding working class that had not been prepared for the challenges posed by a competitive labour market was another problem. Historical and political turmoil meant that, on the threshold of the 21st century, Poland found itself in a situation that other Western countries had to deal with half a century earlier.

Shares of socio-professional categories of the People's Republic of Poland in 1980ies (in %)

Category	Share in 1982	Share in 1987
Intelligence	7.2	7.7
Other white collar workers	30.1	31.5
Skilled workers	25.7	26.3
Unskilled workers	10.1	9.6
Farmers	25.3	21.3
Business owners	1.6	3.6

Source: own elaboration based on H. Domański, *Struktura społeczna*, Warszawa 2004, p. 130, 218.

Transformation of the social strata 1989-2004

The evolution of the social macrostructure is a long-term process. Therefore the composition of the social configuration before and after 1989 did not differ significantly. Looking at the processes related to the labour market, a decline in the number of economically active people could be observed. It was connected with the aging of society and the restructuring of economy meaning transition to an intensive development model based on technological and organizational progress, in accordance with the guidelines of the so-called “Balcerowicz Plan”. The first process lead to an increase in the number of retired people, the second to great unemployment. Until 2004 and the accession of Poland to the European Union, which is an important turning point here, the unemployment rate in

Poland was extremely high, around 18-20%. Compared to the actual state of affairs, these data were overestimated due to the fact that some of the unemployed didn't seek work or worked illegally, and were registered as unemployed only in order to receive social benefits. However, this does not change the fact that unemployment was one of the biggest problems in Poland in the first years after transformation. Reducing it has become the subject of many actions, as well as an important element of political campaigns. It is worth adding that in this period the situation on the labour market for women was worse than for men. Although it did not constitute a drastic form of discrimination against women, this state of affairs persisted for many years and was recorded by various sources (state and non-governmental).

Change in the shares of socio-professional categories after 1989 (in %)

Category	Share in 1994–1995	Share in 2004
Intelligence	7.5	6.8
Other white collar workers	30.4	40.7
Skilled workers	27.4	20.0
Unskilled workers	13.0	12.2
Farmers	15.4	13.2
Business owners	6.2	11.0

Source: Ibidem.

As shown in the table, from 1989 onwards, the category of skilled workers was continuously decreasing. While in the years 1994–1995 they constituted 27.4% of the population, in 2004 they already represented only a fifth of it. Skilled workers still remained the largest independent category, but they have been relegated in terms of share by the collective category of middle-level white collar workers. In the years 1994–2004, the share of

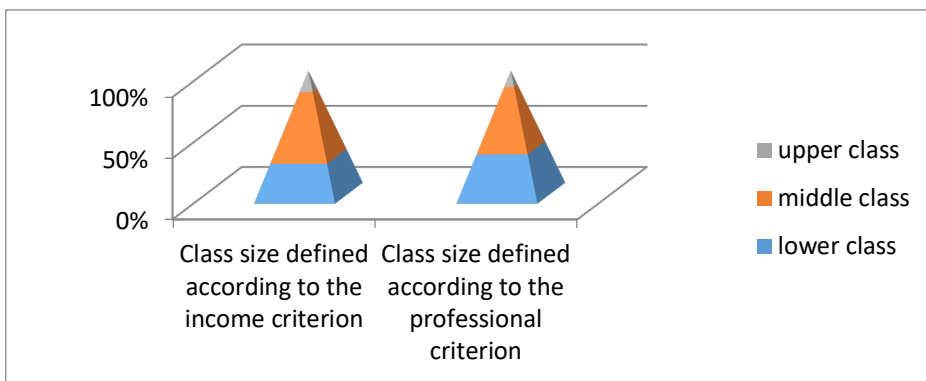
this category increased from 30.4% to 40.7% of the population, while in the initial period the above two groups were very similar in terms of numbers. Already in 2004, the category of white-collar workers gained a double advantage over the category of skilled workers. The increase in the number of middle-level white collar workers was largely due to the significant increase in the number of employees in retail outlets: from 10.6% in 1994 to 13.7% in 2004. Moreover, a gradual decrease in the representation of farmers and a gradual increase in the share of business owners in the social structure were significant. Mainly due to the decline in the social representation of farm owners since 1987, the shares of the category of farmers in the entire structure dropped from 21.3% to 13.2% in 2004. An increasingly represented category were business owners (11% in 2004). The representation of the category of unskilled workers in production in 1994–2004 remained relatively stable, assuming the values of 13% in 1994 and 12.2% in 2004. An interesting phenomenon, in fact contradicting the thesis about the increase in the meritocracy of the social structure, was a relatively stable share of intelligentsia in society, oscillating around 7% throughout the period until 2004.

Social changes after 2004

The latter indicator only changed after 2004 - the period after Polish accession to the EU brought a huge change for the economy and society. It was a great development opportunity, which was carefully used. Undoubtedly, the EU membership and above all the possibility of taking up legal work and education abroad (mainly in Great Britain and Ireland), contributed to the huge wave of migration. According to the data of the Central Statistical Office, after May 2004, over 1 million citizens left Poland for work purposes (mainly young people, newly graduated from university or high school, who had to face high unemployment in Poland); while in 2011, over 2 million citizens were officially abroad - the largest group in Great Britain (625,000), Germany (470,000) and Ireland (120,000). This economic emigration in combination with stable economic growth in the country resulting from the inflow of large amounts of EU funds and a relatively good global situation (despite the economic crisis

after 2008), led to a positive change in the social landscape in Poland. Today the unemployment rate is 6%; the share of intelligentsia in society has also significantly increased (now 17%).

Structure of social classes in 2019



Source: own elaboration based on data of Polish Economic Institute

Currently, there is a significant change in the size of social classes - the middle class has definitely increased. As estimated, about 12 million Poles in the age between 24-65 are members of the middle class. Over 17% of citizens have higher education, 31.6% have secondary education, and less than 46% have primary and vocational education (in total). 61% of the population lives in cities and 39% in rural areas - which does not mean that they are farmers. A house in a country has become a determinant of the status of the middle class, who want housing away from the hustle and bustle of the city, but at the same time can afford the daily commute to work or school.

At the same time, this “luxury” of living in the countryside is often paid for with a long-term loan - currently as many as 45% of middle-class members have credit obligations, and a similarly large group has no savings. Moreover, reports of the National Bank of Poland shows that the gap between the richest and the poor masses is huge - data show that the 10 richest Poles have assets equal to the life achievements of the 7 million poorest. A typical middle-class citizen usually owns an apartment for PLN

300,000 plus a car for PLN 50,000 and very small savings. Polish middle-class does not actually have the capital necessary to start its own business or invest – it has to use bank loans.

Therefore one of the distinguishing features of Polish society in 21 century is the economic weakness of the lower middle-class, and the difference between the lifestyle of the establishment (2-3% of population), who live in isolation and does not have to deal with most social problems. Many middle-class people, on the other hand, feed on the illusion that they can afford an elite standard of living. A large part of them are called precarious workers who have so far benefited from the period of prosperity, but in practice are working on civil law contracts that do not guarantee them any financial security.

Future of Polish society isn't glowing - a serious problem is the rapid aging of the society, low demographic growth, low income and small savings. There have been a big change over the past 30 years, but Poland still hasn't reached the level of Western European societies. The dominant middle class still has a long way to go.

Changes in Romania' Social Strata in the Past 30 Years

Oana Popovici

Summary

Romania saw important changes in the social strata in the last 30 years, enhanced by the transition process and EU adhesion. The last decade's efforts were focused on narrowing the wellbeing gap between Romania and the European Union (EU). However, there is high discrepancy in population employment on economic sectors of activity, Romania being one of the countries with the largest population working in agriculture. Other significant factors for the social stratification are the area of residence (rural or urban) and the education level.

Romania's past 30 years could be divided into three main periods. The social development followed the economic evolutions and influenced the relocation of social strata. The first main period corresponds to the first decade of the transition to a market economy, associated with a decline in economic performance and a widening of the development gap with Western Europe (1990-2000). The second stage, between 2000-2008, is characterized by sustained economic growth following the NATO and EU adhesion in 2004 and 2007 respectively, which translated into a reduction of economic disparities with Western Europe. The third stage, after 2008, was under the sign of the economic crisis, whose impact led to a contraction of economic activity, to budgetary adjustments and severe reductions in living standards. Although the economic growth has resumed since 2011, Romania confronts a worrying ratio between the employed population and the economically dependent population, while mass emigration to more developed countries means that there is a lack of skilled labour in many areas.

In Romania, the specific social investigation of the official bodies targets several indicators that help in building an analysis related to the changes in the social strata, such as occupation, the source of income, the welfare of the household, the economic sector of activity etc. In order to assess the changes in the social structure in the last 30 years, we will relate to several such drivers of the social transformations.

One of the significant issues making a difference in social stratification in Romania is the area of residence. In the last 30 years, rural population was ranging between 44 - 48%, placing Romania among the countries with high shares of the rural population in Europe. It is an important aspect, as the gap in the share of the employed population between urban and rural had a deepening tendency in recent years, which leads to important differentiations in terms of revenues.

The evolution of the economy during the '90s was marked by the decline in national production until 1999 on the background of the transition process, which accentuated poverty and changed the profile of the labour market in various aspects. Economic reforms meant the closure of coal mines, steel mills or other industrial mammoths and the start of the privatization process, after which many people were laid off. According to experts, the economic and social programs that should have intervened and mitigated these effects emerged late and were insufficient and inefficient. As a result, Romania confronted a lack of jobs for absorbing the redundant labour force. This situation led to a migration of the unemployed workforce from cities to villages, looking for work in agriculture, which created a substantial layer of population employed in subsistence agriculture. The consequences of such an evolution can be felt even today. The rural area is less developed than the urban one, many people continue to be employed in agriculture and, although farmers represent a high share of population, Romania does not have productivity performances in agriculture. In addition, the emigration process started and was amplified after Romania joined the EU, people leaving the country in search of jobs that ensure a decent standard of living.

The employment rate of the working age population in urban areas was 65.8%, higher than that recorded in rural areas (63.5%) according to the latest data of the National Institute of Statistics (NIS) for 2018. The largest part of the employed population in Romania are the employees, which represented 74.8% of total employed population in 2018, an increasing trend from 62% in 1996 and 64.8% in 2010. The share of self-employed and of unpaid family workers diminished from 32% in 1996 to almost 26% in 2010 and 24.2% in 2018. At present, 87% of them are living in rural areas. The share of unpaid family workers continues to be high and worrying, as it represents, in fact, a category that masks an important segment of the population without own sources of living, 67.8% of them being women. Entrepreneurship is not very developed, the share of entrepreneurs being only 1.3% in the total number of employed people, a ration which did not grow much since 1996 (1%), mostly due to fiscal policies and legislative regulations in the field of labour. Most of the population is employed in the private sector (83%), the privatization processes bringing a significant shift of labour from the public sector, which was predominant back in the 1990s.

As already mentioned, the economic reforms implemented after 1990 determined not only migration flows from urban to rural areas, but also from the industrial and construction sectors to the agricultural sector. Population employed in agriculture grew constantly from 38.8% of total employed population in 1996 to a maximum of 43.9% in 2000. Starting with 2002, due to the cumulative effects of the expansion of the services sector, the relaunch of industrial production, the increase of the emigration phenomenon and the aged agricultural labour force, the trend was reversed, so that in 2018 the population employed in agriculture represents only 22.3% of the total. Despite the reduction in the last years, the share of Romania's population working in agriculture is very high in a European and even regional context, compared to 18% in Bulgaria, 10% in Poland and only 4% in the EU. At present, 30% of the employed population works in industry and construction, and 47.7% in services. Still, in rural areas, the predominant activity is agriculture (45%), while in urban areas, services

are on the first place (64%) in the structure of the population employed by activities of the national economy.

The revenues had an upward trend starting with 2002. Total incomes of the population increased on average by 13.6% annually, while the monetary ones had an average annual growth rate of 14.3%. Usually, money income is the most important source of revenues in a household (representing 67.2% of total revenues), to which are added income from social benefits (18.7%), income from agriculture (1.9%) and other incomes. There are high differences between the rural and the urban areas. In urban areas, household income mostly came from gross wages and other wage rights (74.7%), and 17.5% of social benefits. In rural areas, wage income accounts for only 53.3% of total income, a larger share coming from social benefits (21%).

The social system protection has, therefore, high importance in ensuring a basic standard of living for all people. For example, the poverty rate in 2018, before social transfers, was 45.9% at national level, almost double compared to the level recorded after these transfers. A decreasing trend could be noticed for the rate of severe material deprivation in the last years, which was lower in 2018 (16.8%) compared to previous years (25.9% in 2014, and 23.8% in 2016). However, it remains high as compared to the EU average, the most affected being children aged between 0 and 17 years, young people aged 18-24 years, and old people aged 65 and over.

Poverty affects all social categories and is closely linked to the level of employment, the quality of jobs and the level of wages. According to statistics, the employment rate is the highest for persons with a higher level of education (88.4%), compared to 68.6% for those with average level, respectively 42.6% for persons with low level of education. In addition, the level of education of the head of the household is a factor that influences the size and structure of disposable income. The higher the level of education of the representative of a household, the higher the average disposable income per person, and the higher the money income.

Since education has an important role in social strata, it is worth mentioning that the share of school-age population (3-18 years) included in education grew since 1990 (63.5%) until 2010 (88.3%), and started to slightly decrease after that. A similar trend was registered for population in tertiary education. The share of persons in the academic environment raised from 10.6% in total population aged 19-23 years in 1990 to 85.2% in 2010 and 65.7% in 2017, according to NIS data. At present, Romania is confronting with high rates of school dropping. The early school leaving rate was 16.4% in 2018, in slight decrease as compared to the last years, but far from the Europe Strategy for 2020 target of 11.3%. The situation is concerning especially in the rural areas, young people preferring to enter the labour market or to leave the country. Therefore, although the social situation have improved in the last 30 years, significant efforts must be done for ensuring equal opportunities for all citizens.

Changes in Serbian Social Strata in the Past 30 Years

Ivona Ladjevac

Summary

The last decade of the XXth century was very turbulent. The world order, established after the Second World War, suddenly vanished. With the dissolution of the Soviet Union, block of communist/socialist countries ceased to exist. Some of those countries simply decided to split up without any violence, but others, with deeply rooted problems, went through the wars. Socialist Federative Republic of Yugoslavia (SFRY), unfortunately, was in this second group. After the civil war, the outcome was, firstly, five independent states and then, after the dissolution between Serbia and Montenegro, six independent states among which Serbia is SFRY successor state. Each of these six countries has chosen the path of transition. Thirty years has passed, what are the changes that their societies went through, in this case, a Serbian society?

Introductory notes

At the beginning of ninties of the last century, opposite to the world center that has been preoccupied with the processes of megaintegration and globalization, Central and Eastern European Country's were faced with the processes of fragmentation and deprivation. As such, they were labeled as "risky societies"¹ - highly conflicted, technically and economically underdeveloped, over-indebted, facing numerous civilization problems, including ethnic conflicts, terrorism and crime.

After disintegration of former countries, newly independent states started their journey through the period of transitioning to free-market and

¹ William Leiss , Ulrich Beck , Mark Ritter, Scott Lash , Brian Wynne , "Risk Society, Towards a New Modernity", *Canadian Journal of Sociology / Cahiers canadiens de sociologie*, 19(4):544, November 1995, DOI: 10.2307/3341155

democracy. But, transition, as a global socio-historical process, is not a process of one direction. It is a contradictory and difficult social process of different directions, with an uncertain historical outcome. It can represent a process of historical innovation, but also of social regression and restoration. In this regard, I. Wallerstein said that transition is “a one deep uncertainty, in which it is impossible to know what the outcome will be.”¹ In that respect, transition should be carefully planned if bad outcome is wanted to be avoided.

Blocked transition model

For successful, linear transition process it is necessary to have a plan which include institutional and social transformations. Unfortunately, in Serbia, without clear national policy, transitional process has been uncoordinated and chaotic and has resulted in hybrid institutional and social forms. As it usually is, the citizens have paid its high price.

Unfortunately, besides the plan, Serbia also lacked the stable political order which, as post-socialist countries experience has shown, was the the most important political precondition for the successful completion of the transition.² Although, in the first stages of reforms, the initial instability was impossible to be avoided – as been inevitable considering changing of uniparty into a multi-party system and the introduction of a democratic political culture – eventually political elites were not interested to accelerate this process. They presented it as a time consuming. Since in Serbia was no lustration, former political and economic “elites” found a

¹ Immanuel Wallerstein, *The decline of American power: the U.S. in a chaotic world*, New York, The New Press, 2003, p.76.

² The best illustration for Serbia’s lacking of stable political process are facts that in last thirty years, Serbia had around thirty political cycles, including those related to the change of government. After the fall of Milošević, from 2000 to 2020, Serbia changed 10 governments; presidential elections were held seven times, voting on the new Constitution in 2006 – all these facts classifies Serbia to the group of relatively unstable political systems. Statistical Office of the Republic of Serbia, Section Elections, <https://www.stat.gov.rs/en-US/oblasti/izbori>, accessed on 20/05/2021.

way to influence new structures and to keep the status quo. They took advantage of their old positions to transform into new, market-oriented, economic and political elites. In other words, they used their economic power to pave the way to political power.

As a follow up, they came into position even to decide which model of transition will be implemented in Serbia. Sadly, that was neoconservative model of muted or blocked transition. The blocked transition contained the “shock therapy” which has brought the country into the deep recessionary crisis, to the deindustrialization, to a decline in production and high unemployment, to the growth of external debts that turned Serbian society into dependent society with an uncertain future. That was direct consequence of model that also failed in terms of social justice, because it led to the transfer of ownership to a relatively small number of new owners, and contributed to accelerated social stratification, increasing poverty and inequality. Instead of democratization, modernization and development, Serbian society has experienced pluralization without true democracy, a transitional recession, social regression and even the decline of civilization, considering the fact that traditional values are jeopardized by the imposed Western “freedoms”. The outcome was a new stratification system, i.e. changes in the class-layer composition. A layer of neo-bourgeoisie emerged as the highest on the pyramid of social power, followed by a layer of new middle class and, at the bottom, the largest population, over two thirds, impoverished workers, peasants, the unemployed and other marginalized groups. Such composition is unfavorable, deeply expresses class-social contradictions of the “risk society” characterized by the sense of deep existential insecurity.

Transitional winners and losers

Socialism was criticized for failing to achieve a truly democratic form, transformation into true classless communism as Marx described it. But, post-socialist system in many aspects turned to be system of huge injustice. What once was equally accessible to all citizens, meaning free, for example, education, health protection, social security, now started to be of

limited range or unavailable. While “the elite“easily has adapted, the majority of population faced uncertainty and struggled with new enemies: unreliable social institutions, unemployment, limited movement, corruption and crime. The most of Serbia's citizens have become impoverished, but a small circle of people close to the regime suddenly became rich (through control over state apparatuses - police, army, bureaucracy), dealing with economic affairs in an atmosphere of war and sanctions (trade in weapons, oil, cigarettes). Their enormous wealth led to monopolies and jeopardizes democratic consolidation. The oligarchs and tycoons who emerged in the old regime successfully combine business and politics and finance almost all parties in order to secure either monopolistic position or to set up businesses, tenders, auctions (privatization), enact favorable laws or do not enact unfavorable ones, etc.

This concentration of power is accompanied by an unstoppable increase in social inequalities; with the middle social strata lose political and economic ties with the higher spheres, in which members of the ruling class distribute wealth and influence among themselves. The inevitable consequence of this condition is the disappearance of the huge average classes created during Yugoslav socialism, as well as the emergence of an increasing number of lower classes which is in need and lacks opportunities. One of the key consequences caused changes in the social structure is an increase in differentiations between the top and bottom of the social ladder (winners and losers of the transition). The material position of the middle class was seriously endangered Serbia during the 1990s. The middle classes did not disappear, but they became impoverished and, above all, stopped doing so be an intermediate layer between the top and bottom. The combination of political and economic elites broke ties towards those below, closing in on monopolies and monologues without adequate “social dialogue”. New circles and centers of power at the top of earlier mentioned social pyramid are unaccustomed to competitiveness because were not formed in market competition. They are the product of the monopoly, but also its guardians. The middle classes have been additionally damaged by “brain drain” due

to war, sanctions, unemployment and hopelessness.¹ Those who aspire to emigrate have above-average education and work abilities, most often they are individuals who are not married, as well as young people from urban areas. This trend contributes to rise of negative demographic trends. When comes to the lower strata, they are made up of skilled and unskilled workers, peasants, unemployed, pensioners continued to be dependent on the state. These categories consider as transitional losers. Their living standard has dropped dramatically, while access to social protection rights related to employment status is quite discriminatory towards the growing number of workers and their families outside formal wage employment.

Conclusion

Thirty years after starting of transition, Serbia is still captured by “elites” that are working only within its own interest. Unfortunately, state is weak or even not willing to oppose. So far, neither one of the implemented reforms didn’t mitigate the division between winners and losers. On the contrary, thir outcome was the rise of social inequalities and the destruction of the old middle class. Thirty years after, Serbia, country of barely 7.5 million people, has 1 800 000 people at risk of poverty and no comprehensive anti-poverty strategy. In order to live a better life, educated and skilled people are moving out of Serbia. According to the Global Competitiveness Report for 2019, in the ranking, where the scores range from 1 (all talented people leave their country) to 7 (talented people stay in their country), Serbia was in 10th place.

¹ It is an old idea that a strong and independent middle class is a basic social class a precondition for the establishment and consolidation of a democratic order. It has a stronghold in private property and education and is interested in economic progress, rule rights and social stability. With its value system, the middle class gravitates to the political center and avoids extreme left and right positions. The middle classes in stable democracies and in former socialist societies differ significantly. While in the west the middle class is economic independent, in socialism the middle class was largely dependent on the state. Seymour Martin Lipset, “The Democratic Century”, Oxford University Press, 2020.

Development of Slovakia's Social Strata in the Past 30 Years

Michaela Čiefová

Throughout the last 30 years, the Slovak Republic has experienced several significant changes related to the economy, domestic and foreign policy, as well as the state of social matters. Undoubtedly, many of them were directly linked to the year 1989 and related economic and political transformation, which was felt basically immediately.¹ In this briefing, we will try to point out the milestones with a considerable impact on societal developments in the country, presented as a kind of a timeline. Besides, we will comment on a few further aspects.

The year 1993 – when one country became two

Considering all of its neighbours and also other countries, Slovakia has always had the tightest relationship with the Czech Republic. In fact, the countries are marked by a history of being one nation state. The Slovak Republic as a sovereign state was formed on 1st of January 1993 as a parliamentary democratic republic, after its split with the Czech Republic. The “divorce” occurred even despite attempts of democratic political forces to facilitate co-existence after 1989. There were several reasons for the final decision, for instance economic or political factors.²

Until the present day, there are still many opponents of this step, melancholically claiming “it was better before”, or “we should have never separated”. Undoubtedly, the common history has left its marks, ranging from the ability to understand each other even when using different languages, through similar culture, cuisine and traditions, to still very

¹ Source: Prucha, V. et al. 2009. *Hospodarske a socialni dejiny Ceskoslovenska 1918-1992*, p. 980.

² Source: Prucha, V. et al. 2009. *Hospodarske a socialni dejiny Ceskoslovenska 1918-1992*, p. 995, 998.

intensive bilateral trade relations. Czechia is also an attractive place of study for Slovak students, as the quality of the universities is considered to be higher. Similarly, many Slovaks work there; some thereof commuting, others living. Mixed Slovak-Czech marriages are also very common. Last but not least, Czechia attracts thousands of Slovak tourists, whereby some prefer sightseeing in Prague, others enjoy wine tours in the Bohemia region. As for tourism, the same applies vice-versa, since Slovak High Tatras and other beautiful places are searched for by Czechs all the time.

Entering Europe in 2004

Another important milestone in the Slovak latest history was its becoming a European Union Member State on 1st of May 2004. Slovakia, together with nine other countries, entered the EU within the biggest enlargement ever.

Regarding Slovak membership in the EU, the same societal attitude applies as in case of the separation of Czechoslovakia. Despite many advantages the EU membership has brought us, there are still people believing that this was a huge mistake, and the EU does nothing else but forcing us implement its own ideas. Most of these people would rather prefer a pro-Russia orientation, referring to Russia as a powerful ally, and overlooking everything that has been reconstructed, built, or improved thanks to the European funds. The EU membership has also enabled thousands of students and teachers to experience a study / teaching mobility abroad.

According to some sources, one of the most substantial success stories of the European Union is the establishment of the Schengen Area – an area where internal borders ceased to exist. Thanks to Schengen, not only EU citizens, but also tourists, entrepreneurs and many third country nationals are allowed to move freely without being checked at the borders.¹

¹ Source: https://europa.eu/european-union/about-eu/countries_en

Euro as a Common Currency as of 2009

It is common knowledge that not all of the EU Member States have adopted the Euro so far. Taking into account the countries which joined the EU with us, there are also some examples among them. On the contrary, Slovakia has been using the common currency for 12 years now, since 1st of January 2009. And again, there are both proponents as well as opponents of this.

The opponents, for instance, seem to overlook the advantages of the Euro adoption, such as the elimination of exchange costs, better opportunities for businesses, or the Euro as a sign of European identity.¹ Some authors say, Slovakia's motivation for the Euro had been linked to prospects concerning economic growth and inflow of foreign direct investments, what eventually happened. It is also thanks to the Euro that investors such as Kia chose Slovakia as their destination.²

Moreover, some of the elderly still tend to refer to the euro as the crown – former Slovak currency - probably from sentimental reasons, or due to not being able to accept changing of the currency they were using for a long time.

Further issues and events

Except for the above discussed European Union membership, Slovakia has joined many more international organizations and fora. The Ministry of Foreign and European Affairs of the Slovak Republic divides these into eight categories based on their purpose and focus (e.g. safety, regional cooperation, financial institutions, etc.).³ The list is quite extensive, and we suppose that a plenty of citizens may not even be familiar with most of

¹ Further benefits of the euro: https://ec.europa.eu/info/business-economy-euro/euro-area/benefits-euro_en

² Vitali Butbaev: Aké sú výhody a nevýhody eura? Pozrime sa na príklad Slovenska. <https://finweb.hnonline.sk/komentare-a-analyzy/1769722-ake-su-vyhody-a-nevyhody-eura-pozrime-sa-na-priklad-slovenska>

³ The list of international organisations Slovakia is a part of: https://www.mzv.sk/zahranicna_politika/prehľad_medzinarodnych_organizacii_a_zoskupeni

them. Nevertheless, membership in so many international bodies is a proof that Slovakia is an open country integrated in the international community, and ready to conduct dialogue on diverse matters. We find this crucial as ultimately, it is the society and the citizens who are concerned.

Slovakia's opening its borders has resulted in its being spotted by a lot of foreign investors, predominantly producers of vehicles, and multinational corporations establishing their shared service centres here. Their presence in the country has several dimensions. We can mention the change of former employment patterns, and the focus on competencies different from those in the past. English language, for instance, has pushed away the previously widespread Russian. IT skills are a necessary asset as well.

Another aspect linked (not only) to the presence of foreign investors in Slovakia is the uneven geographical distribution of the population and considerable regional differences as for wages. Although the uneven geographical distribution of wealth remains on a substantial level, the gap is slightly diminishing. In order to balance the situation as much as possible, the government tends to publish calls for project proposals aimed at regional development.¹ As far as shared service centres are concerned, the majority of them is located in Bratislava, which in the other hand is not surprising, as the capital has also a favourable location as for transport. Statistically, Bratislava belongs to the richest regions in the European Union, too. The ranking considers mainly economic performance per capita.² However, as already mentioned above, this is not the case of the rest of the country.

Except for regional disparities, one demography-related problem the country will definitely have to deal with as soon as possible, is population aging. According to the prognosis of the European Commission, the proportion of people at the age of 65 and older will increase rapidly by

¹ Source: <https://www.trend.sk/trend-archiv/regionalne-rozdiely-zmiernuju-ekonomika-pomaha-viac-nez-dotacie>

² Source: <https://europskenoviny.sk/2019/02/26/bratislava-je-v-top-10-najbohatsich-regionov-podla-vykonu-ekonomiky/>

2060. Experts say, Slovakia currently does not seem to be ready for such pressures on the social system and public finance.¹ As population aging is a problem in several European countries, they could copy each other's successful patterns of dealing with it, or approach the issue as an international phenomenon requiring cooperation of the concerned countries.

Next element resonating in Slovak society is the development of domestic political scene, frequently associated with authoritarian leadership, corruption and bureaucracy. As for corruption and bureaucratic procedures, these are often highlighted as the most critical obstacles regarding business environment.²

Last but not least, the ongoing COVID-19 pandemic has been shaping the social situation in the country for a year now. There is no doubt the consequences will last in a long term, and will concern several dimensions of human existence. In Slovakia, this unfortunate situation has intensified the voices of many citizens expressing their dissatisfaction with the contemporary political arena, claiming that the government is not doing enough to combat the virus, and to help those who are suffering the most. Despite strict anti-pandemic measures, we have witnessed several anti-government protests within the last months. The pandemic is not only responsible for economic problems, psychological issues and deaths, but also for dividing the society regarding important social questions, such as vaccination or wearing face masks. Conflicts, verbal or physical, hot arguments and considering those with a different opinion to be either stupid, irresponsible, or completely out of mind, has become a sad reality.

¹ Source:

https://ec.europa.eu/slovakia/news/slovakia_is_not_ready_for_population_aging_sk

² Source: World Economic Forum: The Global Competitiveness Report 2017–2018, p. 264. Available at: <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017–2018.pdf>

To conclude, in our opinion, Slovakia is on the verge of slowly becoming a multinational society. What in the past was regarded as something extraordinary, e.g. hearing a language from all around the globe in the streets, has become an everyday reality. Slovakia has transformed into a modern country that is not only attractive for international students and workforce, but foreign tourists as well. Its presence on the international scene has been highlighted also by a number of sport events that have been hosted by the country, such as the ice hockey world championship in 2011 and 2019. Slovaks are proud of their spectacular nature, historical towns and unique places, many of which have been included into the UNESCO list of natural heritage. What we hope to be improved in the future is the acceptance of a multicultural society and diversity, that is, unfortunately, still questioned by a certain part of the population.

Changes in Slovenian Social Strata in the Past 30 Years

Helena Motoh

Summary

The last 30 years in Slovenia were marked by several key factors that influenced social and economic changes. Two most important markers can be identified in this process: the transition from the socialist economy into the capitalist economy and the 2008/9 financial and economic crisis and its aftermath with the subsequent recovery. The rise and fall of inequality reflected these factors, as well as the changes in social strata, especially the marked dynamic in the middle class that can be identified in the last decade.

(In)equality dynamics in the last 30 years

Comparatively, Slovenia ranks among the OECD countries with the lowest level of inequality with the Gini coefficient in the range between 23 and 27 for most of the last three decades. As it will be shown below, the comparative equality of the Slovenian society is mostly a reflection of the working of social transfers and pension system, since without them the inequality would be considerably higher.

The rates of inequality in the 1980s socialist economy of the former Yugoslavia were low, with Gini coefficient for Slovenia in 1987 being only 21.5. The economic transition coincided with the political separation, which was realized in June 1991, but took a decade for the first stage to be completed. The first step, a change in the company legislation was made on the federal level already before independence, in summer 1990, when worker's councils were abolished and a new leadership model was adopted, with boards, managers and assembly. Privatisation and establishment of

private companies was enabled by the same legislation, also triggering the separation of big state-owned companies into smaller companies along with the privatisation processes, while also stimulating the establishment of smaller privately owned companies. The establishment of a model for the privatisation of state-owned companies took a longer time. The debate between the two dominant models and their protagonists, Slovenian economist Jože Mencinger and the US advisor Jeffrey Sachs, took two years before the legislation was finally adopted at the end of 1992. Most of the privatisation was done by internal buyouts (25%), transfer to investment funds (19%), internal division (18%) and stock sale (13%), importantly using the system of state-issued certificates, giving each citizen an opportunity to invest his or her share into a company or an investment fund. Along with these changes, this period was marked by a significant growth of inequality, especially in the first years of transition. From the 21.5 coefficient value in 1987 it reached 27.2 in 1993 before it started dropping again to 24.2 in 1998.

The relatively low inequality rates even after the transition can also be seen as partly misleading, since they don't reflect the significant change in the structure of the income and the actual market income inequality (before taxes and transfers), but calculate the disposable income inequality (after taxes and transfers). The complementary effect of the social transfers in the growing inequality situation was very important in the 1990s. Compared to the 21.9% of households that received social transfers in 1983, 25.1% received them in 1993. Especially important segment of these were the unemployment aids, received by 0.1% in 1983 and by 8.1% in 1993. Without the social transfers the Gini coefficient in 1993 would reach a much more worrying 30.5. The situation partly stabilized in the next decade –the inequality first grew to 24.7 in 2000 and then slowly went down to 23.3 in 2007.

The turbulent dynamics of the financial and economic crisis in the years after 2008 reflected in the inequality as well. The economic crisis which in Slovenia strongly affected the large employers, especially the building

industry, which almost collapsed, reflected in the fast rise of unemployment rates in the next half decade: from 8.2% in 2008 to 17.7% in 2014. This also changed the relative position of Slovenia, which previously ranked first among OECD countries, to fourth place in 2013. While this rate of inequality is still extremely low compared to the EU average or to other OECD countries, many economists (notably Damijan, see sources below) warn that the changes that occurred in the post-crisis period are actually not reflected in this numeric assessment. During the crisis, the inequality actually grew by a tenth as a result of the fact that the income of the lower income population was more affected than the income of the high-income population. Situation was worst in the lowest income population. The 10% of the lowest income population lost a third of their income between 2007 and 2013. It explains why, in the post-crisis period, the market income inequality actually grew faster than the disposable income inequality. The change in the former reflects the growing inequality in income, while the latter remained relatively stable due to the effect of taxes and, especially, social transfers. Without the social transfers and the taxes corrections, the inequality rates would reach well over 40 in terms of Gini coefficient. This dimension makes the high equality situation in Slovenia less stable and more prone to rapid aggravation in case of the political reforms which would affect the social transfers or pension system. It also means that any privatizing interventions in the current health care system and schooling system could make the actual inequalities in income more visible.

Changes in social strata

Along with the global changes in the social stratification that occurred in the post-industrial context, Slovenia as a post-socialist country went through a series of changes related to the social and economic change in the systemic transition of the country since the 1990s onwards. As described in the previous paragraph, the most radical economic transition took place in the 1990s. The economic transition period reflected in the social stratification, bringing about new types of elites, and restructuring the society in general. The new social elites emerged from the juncture

between political and economic elites, especially in the form of company managers in the late socialist times which were transformed into large-scale shareholders in the privatisation process. The merging of political and economic elites especially materialized in the form of high-level political actors entering the business world by becoming managers of large companies. This merged political-economic elite is a typical phenomenon of post-socialist societies. The social stratification changes in the transitional period Slovenia were marked by the merging of political and economic elites, based also on the manoeuvres in the privatisation of the state-owned property.

Lower strata of the society were also significantly transformed by the transition as well as the additional global changes in the industrial production and the effects of economic globalisation (especially affecting certain industries, in Slovenia, notably the textile industry). With the growing unemployment the most vulnerable social groups within the lower strata became the lower-qualified workers, retired citizens, large families with an unemployed parent etc. Changes also occurred in the middle strata – with the growing lower middle class, whose income is based on the production of goods and services, and the upper middle class of the private sector and management. The lowest income strata grew considerably as well, especially its lowest segment, with a growing number of people receiving an income that barely secures survival: the retired people with minimum pensions, unemployed, social security recipients, working poor, ethnic minorities etc. Changes in the economic dynamics in the post-crisis decade also brought a new detrimental trend, the precarisation of the workforce, forcing especially younger employees to become sub-contractors and losing all beneficial elements of employment security.

It is also significant to compare the situation with other countries. A recent comparison of the situation in Slovenian middle class with a similar societal segment in Germany showed a remarkable discrepancy. Middle class, narrowly defined as the population segment receiving between 80% and 150% of the income median, in Slovenia includes around 45% of the

working population, comparable to the German example. The purchasing power of this segment of population, however, is significantly weaker. For example, a middle-class income recipient in Slovenia has to save 22 monthly incomes for a medium range car, while the same car only requires a yearly income of a German middle-class employee. Significant difference can also be identified in the living costs and rents, leaving a Slovenian employee a significantly lower savings potential.

Conclusions

In the dynamics of the social stratification in the last three decades, two factors were had an especially defining role in Slovenia: the 1990s economic transition with the privatisation of the state-owned companies, and the effects of the 2008 economic crisis. Along with global economic and political changes in the last period, this caused significant changes in social strata. The upper social strata underwent a transformation in the juncture of political and economic power structures, developing a new type of the political-economic elite. The middle strata of the society especially grew in its lowest segment, while also being in a significantly disadvantaged position compared to middle strata in economically stronger European countries. The lower strata suffered both the effects of transition and economic crisis the strongest, both having especially detrimental effects on the lowest income segment.

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