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**Social Integration and the Reduction of Poverty: New
Dilemmas in East-Central Europe**

The existence, and, especially, the rapid expansion of poverty is one of the most dramatic features of recent socio-economic development in the countries of East-Central Europe. The phenomenon is all the more shocking for their societies, because socialist ideology and, later, the actual reality of the prosperous years of the late 1960s and the 1970s implanted the general belief that poverty would be left behind forever. The last decade has brought about an end of these hopes. Large-scale and massive unemployment, homelessness, rapid impoverishment and the previously unknown experiences of lasting insecurity have led to rather severe political conflicts in some of the countries, and had remarkable contribution to the widely shared pessimism in even the more "peaceful" ones. General disappointment and fear has been repeatedly registered by a series of public opinion surveys all over the place. People are full of skepticism and worry with regard to their personal perspectives, and express even more doubts when future prospects of their countries come up for consideration.

Beside generally felt frustration, there is a great deal of confusion in the prevailing interpretations of those factors which have invoked a jump in the incidence of poverty after the miraculous years of 1989-90.

The most frequently heard explanations identify lasting decline in economic growth, as the major cause of the phenomenon.

It is argued that the expansion of poverty follows directly from the chronic stagnation of economic performance over the past one and a half decade. Any rise in the standard of living would presuppose a positive turn of the trend, i.e., a substantial improvement of productivity and a stable increase of the yearly GDPs.

Although such a reasoning is unquestionably true from a macroeconomic perspective, one has, however, serious doubts regarding the existence of such a direct relationship on the level of households.

In fact, the one-to-one relationship hardly can be justified, when looked at the time-series of the distributions of personal income and consumption during the period in question. Disaggregated statistical data of the respective countries show that several social groups have actually gained in the meantime: they experienced a remarkable improvement of their material conditions since the late 1970s. In other words, one faces two, simultaneous phenomena in the last decades of socialism: the significant rise of the standard of living and substantial accumulation of wealth in the upper segments of the respective societies, while general deterioration of the living conditions and an increase of absolute poverty toward the lower edge of the income-scale. Thus, the growth of poverty cannot so easily be traced back to the current state of the economy.

Another reasoning presents poverty as the necessary price for a successful transition from state-socialism to a market-regulated economy. It describes the phenomenon as the unavoidable accompanying feature of the current changes, suggesting that it

would automatically disappear after the accomplishment of marketization.

There are, however, disturbing puzzles here. First, recently published analyses came to the unequivocal conclusion that the steady growth of poverty had started well under socialism; thus, it hardly can be related to those systemic changes, which have begun with the collapse of the old regimes in 1989. Second, such arguments suggest that poverty is a "fatal" phenomenon, a price, which should be paid by some people for the advance of the society as a whole. However, the legitimizing principles of the uneven share of the burdens remain in the dark. Third, the faith in "automatic" improvement disregards the internal logic of poverty. It is forgotten that the lack of adequate income is just one (although usually the most decisive) of its features, which is in close correlation (and in a self-sustaining interrelation) with other aspects of life (e.g. all-round defenselessness, poor health, low education, lack of utilizable skills and qualifications, frailty of personal relationships, etc). It is rather difficult to think that all these aspects of poverty would be suddenly and spontaneously outdistanced just by a rise in personal income. The complex solution seems to require a wide range of well-targeted additional interventions, too.

Similar to the above-cited neoliberal approach (which expects automatic improvement from rapid marketization), the third strand of thoughts (a kind of socialist conservatism) also starts off from the historical demarcation line of 1989-90. However, its explanation for the recent expansion of poverty goes the other way round: it identifies the major cause in the "too" rapid withdrawal of the central states. It is argued that the

hurried decomposition of the "old" states has left behind a vacuum in social policy, hitting those vulnerable groups in the first place, whose daily livelihood had been the most dependent on central redistribution. Thus, the denationalization of social services in the name of privatization and the decentralization of certain benefit-schemes are the most responsible factors behind the recent increase.

Although these arguments seem rather convincing from a synchronic perspective, there is a serious "catch 22" built into them. It cannot be denied that drastic cuts of central payments cause an immediate deterioration in the situation of those households, whose financial resources were mainly dependent on transfer payments before.

However, the diachronic approach indicates a somewhat different picture. A closer look at longitudinal changes of the income distributions of the respective countries shows that the very same groups have always belonged to the poorest segments of the East-Central European societies; thus, central redistribution never was able to induce substantial corrections into their financial situation. Instead, the relative alleviation of poverty was a product of gradual "liberalization" of the overpower of the central states in many of the countries of the region, which created a limited scope for autonomous economic activities for substantial parts of their societies. As several studies have demonstrated it, those, who were able to put their livelihood on two pillars (i.e., kept one foot in the state-controlled, and another in the informal economy), could achieve a remarkable improvement of their living conditions well before the actual collapse of socialism; whereas those, who had been reliant

only on the state, have lost both, in absolute and in relative terms.

Looked upon from these historical perspectives, it is justifiable to say that from the late 1960s onwards, gradual marketization has meant an effective protection against poverty in the more "liberal" segments of the socialist world, while centralized redistribution on its own has acted toward the maintenance and reproduction of it.

It also follows that --at least in these "reform"-oriented countries-- the current institutional withdrawal of the state is in fact the completion of a process, which has already started decades ago. The gradual erosion of the omnipotent rule of the party-state over the society has in a way "prepared" it even under the seemingly unbroken endurance of the old regime.

As it has been demonstrated by a number of authors, the states of the old Communist rule never helped those, who could not help themselves. Therefore, its withdrawal can hardly be interpreted as a phenomenon of unprecedented and "new" neglect. Instead, the institutional decomposition of the socialist legacy is perhaps the most important precondition for a genuine change in the prevailing inequalities and in the self-sustaining inequities of central redistribution.

As the above-outlined brief summary and the comments might already indicate, the author of this paper attempts to take a fourth position. I equally doubt the "just transitory" character of poverty in the region, and those simplistic interpretations, which reduce the background analysis to the play of mere economic factors.

Instead, I would argue that the current state of affairs follows from those lasting (though, for long, hidden) internal contradictions of state-socialism, which have logically concluded to the gradual erosion, and, lately, to the ultimate collapse of the old regimes. The current complex socioeconomic crisis of the region has to be seen in the context of its prehistory, pointing also to those new socio-political conflicts, which are the peculiar features of the post-1989 years of systemic changes.

Given the structurally embedded character of poverty, the various interventions of social policy also have to be presented in the context of their multisided political, economic and social determinations. Neither the undeniably great successes, nor the "achievements" which turned out to be temporary or even illusory, can be explained satisfactorily without an understanding of the major guiding principles and built-in contradictions of the one-party-ruled, totalitarian system of socialism. The controversial legacy of this system did not disappear from one minute to the other; until now, it has largely determined the most important socio-political conflicts of transition toward market-regulated economies, and has set also serious limitations to the attempts to overcome these conflicts within a short time.

While the roots of contemporary massive poverty have to be traced back to the socialist past, it also has to be admitted that the current changes work toward the deepening of its crises in most of the countries of the region. Many of the restrictive recent interventions adopted in the name of marketization have led actually to the creation of a "secondary class" of the citizenry. On the grounds of a wide range of recent findings, one

can give a historically rooted sociological description of the evolution of their present situation.

It follows from the social history of poverty that the dominant groups of these "secondary societies" can be found among the late successors of the once proudly elevated and mobilized landless peasantry, which everywhere gave the fundament of early socialist industrialization. They are those whose preceding generations had based their lives and aspirations on the incentives, orientations and regulations of the 40 years of "socialism". Answering the challenge of industrialization, they moved to urban settlements; they helped their children acquire qualifications which seemed to be favourably applicable in a "socialist" economy; they gave up their peasant roots and traditions even in their ways of life by occupying the large, closed housing estates built "for them", etc.

The political turn in 1989-90 entirely questioned all their previous efforts. The late grandchildren of the once elevated peasant-workers suddenly found themselves on the side of the hopeless losers. Instead of getting support and assistance to a successful adaptation amid the radically changed conditions, they became the betrayed symbols of earlier failures and the incurable remittances of a dead-end past. The greater majority of them lost the very fundament of living -employment- from one day to the other, and besides facing unresolvable financial crises, they became also confronted with the psychological burdens of all-round degradation.

If these broad layers of the once "new" urban working class had been gradually "forgotten" in the late decades of socialism,

then they started to suffer full "disenfranchisement" in the new democracies. The former duality of the social structures of East-Central European societies has developed to apparent disintegration during the past few years.

In the light of its historically rooted character, any arguments on the "automatic" dissolution of this kind of massive disintegration through the spontaneous momentum of economic growth seem to be ill rooted and illusory. The (hopefully near) end of the current economic crisis of the region might lead to a rise in incomes, and thus the majority will certainly re-gain the material stability of everyday life.

However, economic growth in itself will be insufficient to halt those processes by which many of the societies of East-Central Europe seem to be falling apart. Although the material side of poverty might also be eased by a turn to economic prosperity, nonetheless, the irreversible consequences of lasting degradation would not promptly disappear. A meaningful re-integration of the poor would thus require deliberately designed and well-established programmes of societal policy. Such programmes should start off with the rehabilitation of social membership in the full sense of the term, and should adjust all their measures to a serious recognition of human dignity.

Otherwise, there is a danger even on the longer run that poverty and social disintegration will remain. Without purposeful intervention, the legacy of the socialist past and its harmful recent accentuation will not conclude in the much-hoped eloquent development, but in a Third-World-type reproduction of the conflictuous co-existence of affluence and dramatic misery.