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Changes in Poverty in Post-Socialist Europe: The Role of Ethnicity and State Transfers

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CHANGES IN POVERTY IN POST-SOCIALIST EUROPE: THE ROLE OF ETHNICITY AND STATE TRANSFERS

ABSTRACT

This paper asks about the nature and extent of poverty in four post-socialist countries in post-socialist Europe, Bulgaria, Hungary, Romania, and Russia. In particular, it explores how state transfers and ethnicity create changes in absolute poverty. To do so, a unique, comparative and longitudinal data set is used, with observations at two time points (1999-2000 and 2001), and analyzed with logistic regression. These data show that poverty is not decreasing in these countries and may be increasing. Furthermore, individuals who are poor during the first time period are more likely to be poor at the second time period in all countries except in Hungary. Overall, these results cast doubt on the neoclassical argument that absolute poverty should decrease during the market transition; though the finding for Hungary does support this argument. The results also suggest that while low levels of welfare payments may perpetuate poverty, higher levels may help to alleviate it. Again, this casts doubt on the neoclassical argument that state transfers interfere with markets and, therefore, perpetuate poverty. Roma poverty is also increasing and stems, at least in part, from discrimination and social labeling. While the alleviation of Roma poverty has become a major policy issue because of European Union, these results suggest that much more effort is needed to improve their condition.

CHANGES IN POVERTY IN POST-SOCIALIST EUROPE:

THE ROLE OF ETHNICITY AND STATE TRANSFERS

INTRODUCTION

Since 1989, the former socialist countries of Eastern and Central Europe have undergone sweeping economic and social changes, often called the "market transition." This term describes a general shift from an economy based on socialist redistribution to one based on capitalist markets, though the nature and speed of this change varies dramatically by country. This process of macro-economic change, which we refer to as "marketization," (it can be called "structural change," Gerber 2002:631), provides a unique opportunity to study a classic social science problem, the causes and nature of poverty, as well as their relations to state transfers meant to alleviate it and to ethnicity. A large percentage of the world's Roma live in this region and they are concentrated in poverty, perhaps increasingly so. Change over time in poverty in general and among Roma in particular has major policy implications, because an improvement in living conditions is a precondition for the expansion of pan-European organizations eastwards (DG Enlargement Information Unit 2002; European Commission 1999).

The Eastern and Central European Context

Poverty is widespread in Central and Eastern Europe, creating not only widespread suffering but also major political and policy dilemmas. The stability of these former Soviet bloc countries may be bolstered by entry to pan-European economic organizations and integration with the West, but the short-term accession to the European Union is delayed because of widespread poverty and unemployment among the population in general and among the Roma in particular (Commission of the European Communities 2001a, 2001b). Roma are extremely poor, have poor health (their life expectation at birth is estimated at one-third to one-half that of the majority population and most males are officially "disabled" by their twenties), and face widespread discrimination. The European Union has made the improvement in the Roma's conditions a precondition for Bulgaria and Romania's admission (DG Enlargement Information Unit 2002; European Commission 1999). Information on change over time, then, is needed to address these policy issues, which the longitudinal, cross-nationally comparative data used below help to provide.

Because of the lack of data, poverty has been, and continues to be, difficult to study. During the socialist period, studying inequality and poverty was taboo. Nevertheless, it is clear that these societies were relatively egalitarian – at least in comparison to capitalist ones – and that absolute poverty was either rare or tied to a particular stage of life (Emigh and Szelényi 2001). Classless societies were not supposed to experience poverty (Braithwaite 1997; Mroz and Popkin 1995; Milanovic 1998); research suggesting otherwise could be interpreted as questioning the success of the political program. In addition, data gathered during the socialist era is idiosyncratic and difficult to compare (a problem that persists in terms of poverty definitions and measures) (Flakierski 1993; Grootaert and Braithwaite 1998). In contrast, most available evidence suggests that poverty increased after 1989 (Atal 1999; Atkinson and Mickleright 1992; Cornia 1994; Emigh and Szelényi 2001; Ferge et al. 1996; Klugman and Braithwaite 1998; Kornai 1996; Milanovic 1998; Molnar 2000; Mroz and Popkin 1995). It remains high and may be decreasing. Insufficient data, however, remains a difficult problem (Svejnar 2001).

There is considerable, though not universal, agreement that markets increase inequality (relative poverty), especially in relatively underdeveloped countries experiencing rapid economic change or during the initial stages of the market transition (Chang and Ram 2000; Kuznets 1955;

Li et al. 1998; McCulloch 2003; for the opposite view see Dollar and Kraay 2002). There is less agreement about absolute poverty. The neoclassical economic position, represented by Lal and Myint (1996), suggests that marketization or economic growth eventually reduces absolute poverty. Rapid economic growth, by increasing employment opportunities and the level of consumer goods, benefits all levels of society. Thus, even with high or even increasing inequality, the bottom of the social hierarchy is better off with, than without, economic growth, because it reduces absolute poverty (Contreras 2003:181). Because neoclassical economists believe that strong economic growth eliminates absolute poverty, they discount the welfare state and state transfers. They argue that state transfers create dependency and thus, in the long run, create poverty (Friedman and Friedman 1980; Hayek 1944; 1960; Stigler 1970; see reviews in Midgley 2001; O'Connor 2001; and Strait 2001:273).

In contrast, what might be called an “institutionalist view,” suggests that economic growth alone cannot decrease absolute poverty. Economic growth may result in a process of “creaming;” whereby the conditions of the better-off poor improve somewhat, but the conditions of the worse-off poor deteriorate (Lichter and Jayakody 2002:122; Midgley 2001:289; Moffitt 1999:102). Individuals particularly disadvantaged in this process may include those without skills highly valued in the labor market (e.g. the poorly educated, the elderly, the disabled), those unable to participate (e.g. full-time mothers), those in “dead-end jobs,” or those with inadequate access to markets. Thus, state welfare programs and institutions are necessary to reduce relative and absolute poverty (Midgley 2001:291; McCulloch 2003:566; Polanyi 1944; Townsend 1970; see review in Corcoran et al. 2000:244-245). Indeed, welfare states, and in particular, the encompassing “social-democratic” ones, and not their more minimalist “neoliberal” counterparts, successfully diminished long-term poverty, minimized inequality and maintained economic growth (Dagdeviren et al. 2002; Headey et al. 1997; Kenworthy 1999; Korpi and Palme 1998; Rank 2001:887; Strait 2001:300). Social transfers during the market transition have similar effects (Kattuman and Redmond 2001:58; Keane and Prasad 2002), though it is the more limited model that is being instituted in Central and Eastern Europe (Esping-Andersen 1996; Standing 1996). The level of payments has dropped in recent years, and they have become more variable; first, because of this ideological shift, second, because of political shifts that resulted in changes from universal to means-tested coverage during the transition from socialist redistribution to capitalist markets, and third, because economic crises have made it difficult for governments to pay benefits as promised (some are in arrears).

Poverty and Ethnicity

While other poor ethnic groups exist, the Roma comprise the largest cross-national group that is concentrated in extreme poverty (Barany 1994; Davidova 1995; Emigh and Szelényi 2001; Fraser 1992; Liegeois 1994; Lucassen 1991; Okely 1983; Stewart 1997; UNDP-RSC/ILO 2002). Under state socialism, Roma were less disadvantaged because socialist economies typically operated with policies of full employment and assimilation (sometimes forced). Most Roma worked, but they were concentrated in the sectors that collapsed after 1989 (e.g. manufacturing, mining, and construction), so they were the most disadvantaged by economic change and were often the first laid off from jobs (Emigh and Szelényi 2001). Thus, their economic conditions in the post-socialist period are particularly dire. Roma poverty is also a major policy issue, because an improvement in their economic and social position is a precondition for the expansion of the European Union eastwards (DG Enlargement Information Unit 2002; European Commission 1999). Roma are one of the world's most despised pariahs. Ethnic majorities speak of them – typically and casually – in racist and biological terms that would rival the language only of, perhaps, extreme U.S. White supremacists. Roma were targets of violence and retribution as "Serbian collaborators" in Kosovo, though they were not the central players in the Serbian/Albanian conflict. Roma are often victims of neo-Nazi and other right-wing groups. Discrimination against Roma is pervasive and increasing; hate crimes and attempts to re-segregate Roma spatially are common (*The International Herald Tribune* 1998; *Los Angeles Times* 1999).

Though the Roma are poor, easily targeted, and noticeable, little, if any comparative, systematic evidence exists about them. Knowledge about them generally stems from research on communities selected precisely because they are poor and stigmatized (e.g. Barany 1994; Stewart 1997). Even a recent UNDP study (Ivanov 2002), one of the only relatively large-scale datasets about Roma, used convenience sampling, to target communities pre-selected to be Roma. It is, therefore, not clear whether these communities are representative or how Roma poverty differs from that of ethnic majorities, internationally or longitudinally.

The relationship between poverty and ethnicity is also a classic social science issue. Weber (1978) described ethnicity and class as two bases of social stratification. It is also clear that economic and ethnic classification overlap and reinforce each other (Caplan 1996; Jenkins 1994:206; McAll 1990:173, 221-22; Ward 1989; Williams 1989:410). Two prominent perspectives, "the underclass" and "social construction," recognize this link between ethnic and economic classification. The proponents of the underclass debate suggest that ethnicity or race affects economic status, and thus, ethnic minorities are more likely to be concentrated in absolute poverty. The concept, underclass, is surrounded by numerous debates and has multiple definitions (Aponte 1990). Nevertheless, a common, three-part structural definition – as opposed to a more contentious and problematic behavioral one (Ricketts and Sawhill 1988) – can be drawn from Myrdal (1963:14,38-39), Wilson (1978:156-157; 1987:10-12, 60), and Massey and Denton (1993:3-9): 1) extreme poverty 2) that is persistent and thus, tends to be life-long and intergenerationally transmitted, and 3) spatial segregation. Myrdal (1963:14-16) and Wilson (1978:1-23; 1987:20-62) hypothesize that an underclass forms during an epochal, economic transformation that adversely affects some segment of the population. The most commonly discussed transformation is the decline in highly paid, low skilled work brought about by deindustrialization, leaving an entire segment of the population – usually urban African-Americans – unemployable, thus creating persistent poverty. The market transition, the shift from socialist redistribution to capitalist markets, however, is another epochal economic transformation that may render an already vulnerable segment of the population – perhaps the Roma – unemployable and poor. Although Myrdal (1963:45) included other groups, such as Whites, as underclass candidates, the concept is most strongly associated with urban African-Americans, and to a lesser extent, Puerto Ricans (Gans 1996:144-145; Tienda 1989). This empirical focus adds a fourth part, racial or ethnic minority status, to the underclass definition above. Racial and ethnic minorities are often associated with underclass status, because they are already socially distinct. As Myrdal (1963:37) argued, underclass members are "outcasts." Consequently, ethnic and racial minorities are more likely to be concentrated in absolute poverty. A large percentage of the world's Roma (Gypsies) live in the region, and they may be forming a rural underclass (Ladányi 2001), in the same way Wilson (1978, 1987) argues that African-Americans form an urban underclass. Thus, the underclass literature predicts the opposite of the neoclassical economic position, which predicts that a shift to markets decreases absolute poverty, because the underclass literature suggests that an epochal transformation, such as the transition from socialist redistribution to capitalist markets, increases absolute poverty, at least among ethnic minorities. Thus, the setting provides a fascinating counterpoint to the American social science literature.

The social constructionist literature also notes the correlation between economic and ethnic classification. While classic scholars such as Shils (1957) assumed that ethnicity was fixed trait based on ancestry, more recent work treats ethnicity as an outcome of social classification (Barth 1969:10; Bourdieu 1991:221; Jenkins 1994:202; Madood 1996; McAll 1990 20, 66-67). Irish Americans, originally considered to be “Black” became “White” as they achieved the political and economic benefits previously enjoyed exclusively by American whites (Ignatiev 1995; Smedley 1993: 218-219; Williams 1989). Telles and Lim (1998) provide evidence for the common Brazilian saying, “money whitens” by showing that individuals with higher economic status are more likely to be classified as White. Similarly, Tienda and Ortiz (1986) show that lower socioeconomic status Latinos more consistently identified as “Hispanic” than “non-Hispanic” in the 1980 U.S. Census. This literature suggests there may be a labeling effect, that those individuals who are called Roma, because they are discriminated against, are more likely to be poor.

This correlation between poverty and ethnicity is found among the European Roma. They form a sizeable minority in many countries, they are concentrated in poverty, and they are targets of exclusionary classificatory practices. Ethnic majorities often claim that Roma are distinct because of their skin color or facial features and often assume Roma are descendants of some biologically inferior, non-European, Eastern people (Crowe 1991:151; Fraser 1992:249). Roma were slaves in Romania for nearly 500 years (Beck 1989; Crowe 1991:151). In fact, there is little evidence for a common Roma ancestry and no genetic basis for Roma ethnicity. Furthermore, the

Roma label is a fluid one. The poor are, in fact, more likely to be classified as Roma (Ahmed, Feliciano, and Emigh 2001).

Correlates of Poverty

The relationship between poverty and ethnicity, however, does not take place in a vacuum; both are related to other social characteristics. Ethnic classification is affected by gender, education, residence, region (urban/rural), income, and family size (Ahmed, Feliciano, and Emigh 2001; Telles and Lim 1998; Tienda and Ortiz 1986). The determinants of poverty are often divided into demographic and human capital variables. Demographic variables include sex, age, family size, sex of household head, and marital status of the household head; human capital variables include education, parents' socioeconomic status, and work experience (Casper et al.1994; De Jong and Madamba 2000; Lokshin et al. 2000; McLanahan et al. 1989; Millar and Glendinning 1989; Redmond and Kattuman 2001; Rank 2001:888). Other important determinants of poverty include employment status (unemployed or not), disability status (disabled or not), previous spells of poverty, region (urban, rural), and access to alternative income such as welfare or between-household transfers (Brown and Hirschl 1995; Cancio et al. 1996; Cox and Jakubson 1995; Cox et al. 1997; Duncan et al. 1998; Gruber 2001; Harris 1993, 1996; Lewin and Stier 2002; Rank and Hirschl 2001). The impact of these determinants also varies by country.

Country specific perspectives on poverty

Bulgaria

Drawing on World Bank data, Mitev et al. (2001:43) shows that poverty rates among those classified as Roma were very high in Bulgaria (71%) and lower for Turks (35%), and ethnic majority Bulgarians (15%). Poverty rates were also high among female-headed households (24 and 40 percent incidence among male- and female-headed households respectively); especially among elderly women (Grootaert and Braithwaite 1998). The concentration of poverty among children, on the other hand, is less than in Hungary and Russia because most children live in households with 1 or 2 children (households of 3 or 4 children are rare). Households with a head that has a primary education or less are 5 times poorer than households with a university educated head (Grootaert and Braithwaite 1998; Milanovic 1998).

Poverty is just over 2 times higher in rural areas than in the capital, where access to emerging labor markets may be greater. Unemployment rates in Bulgaria are among the highest in Eastern Europe and one third of all unemployed have been so long term. Unemployment disproportionately afflicts ethnic minorities. For instance, in June 1993, 50 percent of Roma, 20 percent of ethnic Turks and only 9 percent of Bulgarians were unemployed. By June 1996, the unemployment rates were 74, 32 and 12 percent respectively (Mitev et al. 2001:46).

Non-pension welfare transfers, including those for disabilities, have not ameliorated adverse effects of the transition primarily due to poor targeting of state transfers programs (Milanovic 1998:111). Indeed, there is some evidence that one-adult households with children are more likely to have higher poverty rates and to fall through the crack of the family allowance system (Grootaert 1995, 1997). Poverty rates increased through the late 1990s; the number of people receiving welfare payments declined from about half a million in 1993 to just over 150,000 in 1997 (Mitev et al. 2001).

Finally, Mitev et al. (2001) underscore several unique features of poverty in Bulgaria that frame an understanding of the phenomenon. First, there is a mismatch between income rates and property ownership (i.e. the income poor may be well-off in terms of property). Second, the Bulgarian economy has a large informal sector that affects poverty. According to the World

Bank, the shadow economy accounts for about 40 percent of GDP. A third feature of poverty in Bulgaria is its unevenness. While in the mid '90s a high proportion of persons were poor, they were not all equally poor: the poverty gap (ratio between average income earners and those of poverty) increased from about 5 percent in 1991 to 10 percent in 1995. Finally, some observers argue that poverty increased in Bulgaria not because of the market transition per se, but because of its timing and mode of implementation (with nepotistic arrangements between public industry managers and their private sector providers and distributors). The implication is that a timelier implementation of market economy measures in a more transparent privatization environment would have averted some of the negative consequences experienced.[2]

Hungary

Persisting inequalities, particularly among the Roma, were not remnants of capitalism; they were produced by the state-socialist distributive regime (Ladányi 2001). Though state programs were intended to reduce inequalities, they often accentuated Roma educational, residential and labor market segregation. Economic transformations in Hungary after 1989 were very swift and were followed by the emergence of extreme poverty. The collapse of the socialist distributive regime left Roma trapped in "dead-end" sectors like heavy industry and construction that were most affected by economic transformations. As elsewhere in Eastern Europe, poverty became highly ethnicized (Ladanyi 2001:68), but in a different way than during state-socialism, because it became more chronic and serious during post-socialism. Estimates of the size of the Roma

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[2] Indeed, Mitev et al. (2001) show that upon entering the transition, Bulgaria had little international debt, several dynamic industries, an educated work force and substantial savings levels. Given these conditions, a different outcome was expected.

population and their social characteristics vary depending on the method used to identify them. Those who are poor, they suggest, are more likely to be categorized as Roma (Ladanyi 2001).

Poverty is systematically higher among female-headed households and among elderly women (Grootaert and Braithwaite 1998). It rises sharply among all Hungarians after ages 45-54. Households with 3 or more children experience poverty at double the national rate. Education of the head of household is also strongly and positively correlated to poverty incidence (best returns on education in the group of countries considered). With perhaps the best developed private sector and early start on transition, self-employed in Hungary have the lowest poverty incidence (about half national rate) (Grootaert and Braithwaite 1998:30). Poverty was also significantly higher in households with one unemployed member. Poverty is not significantly different in rural areas than in the capital. As in other countries considered here, non-pensioner welfare transfers seem to have no significant impact on poverty due to poor targeting (i.e. transfers do not reach the poor at needed levels).

Romania

A dearth of systematic empirical data makes it difficult to accurately assess the relationship between ethnicity and poverty in Romania, but some analysts venture estimates that nearly 80% of the Roma population belong to the poor or the very poor (Magyari et al. 2001:133). Similarly, there is scant data on gender differences in poverty (Magyari et al. 2001:141; Molnar 2000:113). However, if one allows that unemployment and poverty are highly correlated, data show that women are generally more affected by poverty. They were consistently overrepresented among the unemployed between 1991 and 1996 (rates were 62 and 54 per cent respectively) and were still a majority of the unemployed without welfare eligibility in 1997 (Magyari et al. 2001:125).

According to 1995 household data, almost a quarter of all people living in poverty belonged to households of pensioners (Molnar 2000:115). Thus, the elderly and those living with them are likely to be poor. Unfortunately, the welfare transfers, including pensions, remain inadequate and some (e.g. the child allowance) have declined as a proportion of the GDP since 1990 (Magyari et al. 2001:125). In addition, non-pension transfers (e.g. child allowances, disability) seem to have had no significant impact on poverty due to poor targeting (Milanovic 1998:111).

Family structure is strongly correlated to poverty. Households of 4 persons, for example, experienced almost 4 times as much poverty as households of one person, suggesting that children have been most affected during the transition (UNDP N.D.: Table 2.20). Poverty is almost double among rural households. Finally, households headed by an unemployed person were over three times as likely to be poor than households headed by employed persons. Interestingly, unemployment remains lower than in Hungary and Bulgaria due to a high rate of self-employment (mostly in agriculture) and a delay in the implementation of some market transition measures (e.g. the persistence of the state as a major employer delayed the exposure of many workers to capitalist labor market conditions) (Molnar 2000:110).[3]

Russia

Economic transformations in Russia were relatively less rapid than in Hungary, but had far reaching social consequences (Burawoy 2001:270). Russia inherited an economy that had begun to unravel in the 1980s (Klugman and Braithwaite 1998). Since 1991, inflation surged and production declined. Market reforms began in 1992 (Mroz and Popkin 1995). Internal and external trade collapsed and the fiscal deficit rose rapidly. High inflation continued until 1995

[3]Contrast Molnar's (2000) perspective on the effects of delayed market transition to that of Mitev et al. (2001:42).

depressing economic activity and real earnings. Groups whose wages and transfers lagged behind inflated prices were particularly hard hit. Russia's GDP fell more than 40% between 1991 and 1995 (Klugman and Braithwaite 1998:38), making it the worst "transition" performer among the countries examined here. On the other hand, the informal economy and sectors like service have grown considerably (estimated that service sector grew from 31 to more than 50 percent during 1989–94, but some of this is attributable to classification of economic sectors). Some sectors (e.g. industry) have been restructured (e.g. from secondary manufacturing to raw material industries).

These shifts have been associated with a differential distribution of earnings and income across social categories and regions. In terms of social categories, gender has traditionally been correlated with poverty in Russia, but in the post-communist setting it is particularly concentrated among older women, the female long-term unemployed and among single-parent female headed households (Grootaert and Braithwaite 1998; Lokshin et al. 2000). Contrary to public perception, pensioners are not especially vulnerable to poverty (except for the very elderly and older women) (Mroz and Popkin 1995). In contrast to Hungary and Bulgaria, education has almost no impact on poverty. Indeed, Gerber (2000:237) shows that the importance of education has declined for Russians. The unemployed, regardless of education, are heavily represented among the poor. Non-pension welfare transfers were a small proportion of the welfare budget and did not change significantly since the early days of transition. Thus, they did not significantly affect poverty (again, problems of targeting).

Poverty is almost 3 times higher in rural areas than in the capital (Grootaert and Braithwaite 1998). Gerber makes a good case that the regionally differentiated impact of marketization on poverty is due to the persistence of Soviet era institutional structures including administrative regions (Braithwaite 1997:61; Gerber 2000:20). His findings suggest that the rural/urban divide may elide important factors that shape distance from and participation in local labor markets.

RESEARCH QUESTIONS

Within this context of poverty and ethnicity in Eastern and Central Europe, we thus ask the following questions:

1) Does the extent of poverty change during the ongoing market transition in these countries?
2) Do the correlates of poverty change over time?
3) What effect do state transfers have on poverty?
4) Does the extent of Roma poverty change over time?
5) What is the relationship between Roma ethnicity and poverty?

We turn now to describing a unique data set that helps to answer these questions.

DATA AND METHODS

Data

This paper examines predictors of absolute poverty in Central and Eastern Europe using a survey conducted in Bulgaria, Hungary, Romania, and Russia in 1999-2000, as well as the follow-up survey fielded in 2001. The original survey, in 1999-2000, has three parts, a general sample that is nationally representative, an oversample of Roma, and an oversample of the poor. Household and individual interviews were conducted. The household questions provide the context for the individual interviews and provide data for variables defined only at the household (household income, number of people in the household, etc.). Household interviews were conducted with the most knowledgeable person present, not necessarily with the individual respondent. In the analyses below, the individual level is the unit of analysis. A number of the variables, however, are based on household measures, and then attached to the individual level.[4]

In all of the countries except Russia, the general original sample is approximately 1000 interviews at the household and individual level. Given the larger size of Russia and the problem of coverage, we increased the general sample to 2512 individual and household interviews. In Bulgaria, Hungary, and Romania, we oversampled both the poor and the Roma. The final sample includes an oversample of 524 Roma in Bulgaria, 481 in Hungary, and 368 in Romania. We interviewed an oversample of 517 poor in Bulgaria, 447 poor in Hungary and 505 poor in Romania. There was no oversampling in Russia. The proportion of the Roma in the general population is miniscule and the level of poverty is quite high and thus we attained a large enough sample of poor in the population in the Russian random sample without oversampling.

The oversamples of the poor and Roma were collected beginning in May 1999 on the basis of a screening question inserted into omnibus surveys in each country. We fielded individual and household questionnaires in three sub-waves (approximately November 1999, March 2000, and June 2000), thus assuring some seasonal variation in consumption. The Roma oversamples were selected on the basis of interviewer identification because we expected self-identification to be the smallest category of respondents. Interviewers' assessments were also used to screen for the poor oversample to assure consistency in the oversampling method.

Short individual-level follow-up interviews were conducted, in Summer 2001, with about half of the sample in Bulgaria, Hungary, and Romania, and about one-third of the sample in Russia, chosen at random, using a subset of the most important questions from the 1999-2000 questionnaires. The response rate for the follow-up survey was around 82%, with no significant

[4]Since we have only one individual-level respondent in each household, clustering is not a problem for these analyses.

differences in the likelihood of being included in the follow-up survey by ethnicity, poverty, or educational attainment. The sample used in this paper consists of those who successfully completed the follow-up survey, which amounts to 851 Bulgarians, 729 Hungarians, 849 Romanians, and 369 Russians.[5]

Measures

Table 1 shows the weighted means of all the variables included in the analyses. The dependent variable is whether or not the respondent is living in absolute poverty in 2001. While poverty is measured in several ways in our survey, we examine only the determinants of absolute poverty in this paper. Absolute poverty lines use subsistence measures of poverty rather than relative measures, and are most appropriate when examining poverty across different countries. Poverty status is based on all household income, whether earned through wages or received through state transfers or other means. All individual level respondents were asked about these sources of household income in 2001. Household income is converted to a per capita measure by dividing the total household income by the number of individuals in a household. We then use purchase power parity exchange rates (PPP) to convert the respondents' incomes from local currency to a comparable currency. The purchasing power parity exchange rates tell us how many units of local currency are needed to buy $1 worth of consumption at international prices. Following Kornai (1996) and Milanovic (1994), we define the "poor" as those who earn or

[5]In Russia, we attempted to interview less than half of the original respondents because we could search only for individuals who agreed to be reinterviewed. Regression analyses show no significant difference with respect to age, sex, residence, education, or income between the completed interviews and the respondents for whom we could not search, so this limitation is unlikely to affect our results.

receive $4 international dollars per capita per day or less than $120 per capita per month. We use absolute poverty at Time 2 as the dependent variable, while absolute poverty at Time 1 is used as a control variable. Based on this definition of poverty, 24% of the sample was poor at Time 2, while 29% were poor at Time 1.

Ethnicity is measured in several ways in the survey. First, the interviewer assessed ethnicity in the initial screening used to select the oversamples. Then, during the interview, the respondent was asked to select his/her ethnicity and to indicate all applicable categories. Thus, for example, an individual could identify him/herself as majority, Turk, *and* Roma. Finally, towards the end of the survey, the interviewer was asked to indicate the respondent's ethnicity. The interviewers were asked, "What is your best guess of the ethnic or national origins of the person with whom you just talked?" Further, interviewers were instructed to "give more than one response if appropriate."[6]

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[6] This sample design was necessary because the Roma are such a small percentage of the population in each of these countries; had we not oversampled the Roma, we would not have a large enough sample of Roma to conduct these analyses. We chose to oversample using interviewer classification of Roma (rather than self classification) because other surveys have shown that interviewer classification results in a larger number of Roma (Emigh & Szelenyi 2001:7). There are some drawbacks to this sample design. While interviewers were only told whether respondents were part of subsample 1 or 2, some interviewers may have thought that this was a Roma survey. This may also be confounded by the fact that some of the interviewers for the screener and the survey were the same. For example, for those cases that were part of the poor or ethnic oversamples in Hungary, 305 out of 928 respondents had the same interviewer for

In this paper, we examine only one ethnic group, the Roma, who are a stigmatized minority group in Central/Eastern Europe, and live in sizeable numbers in Bulgaria, Hungary, and Romania. Our aim is to understand whether self-identifying as Roma, or being labeled as Roma by interviewers corresponds to an increased likelihood of being poor, even controlling for other factors. We use self-identification and the interviewer classification (based on a question that was asked after the respondent indicated his/her ethnicity) as measures of Roma ethnicity. Because interviewer-identification of ethnicity is a measure of labeling, it addresses the social classification literature that suggests that part of the correlation between ethnicity and poverty resides in a process of marking differences in ethnicity. While this process of exclusion or labeling is not inconsistent with all of the underclass literature, the latter places more emphasis on structural factors that reproduce this social difference, such as education, residential segregation, and access to high paying jobs. To capture these underclass effects, we measure directly as many of these structural factors as possible. Self-identification suggests the remaining effect of ethnicity, separate from the act of interview classification.

While most contemporary surveys use self-identification of ethnicity, interviewer assessment is also a well-known technique. For example, up until 1970, all United States Census surveys relied on interviewer assessment of race only (U.S. Bureau of the Census 1975). Our dataset is unique (along with the one used by Telles (2002) and Telles and Lim (1998)) in that ethnicity was measured by both interviewer- and self-classification. Both self-identification as Roma and interviewer classification as Roma are measured at Time 1 in our analyses predicting absolute poverty at Time 2. This analysis strategy follows findings that poverty status predicts

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both the screener and the survey. In Romania, however, none of the interviewers were the same (Bulgarian interviewer identification information is unavailable for the screener).

whether others classify individuals as Roma (Ahmed, Feliciano, Emigh 2003). Thus, we utilize the longitudinal nature of our dataset by using Roma classification at Time 1 to predict poverty at Time 2, eliminating any potential endogeneity problems. The findings in Table 1 illustrate the fluid nature of Roma ethnicity. While almost 6% of the respondents are labeled Roma by interviewers, only approximately 4% of respondents self-identify themselves as Roma.

As noted above, most previous studies of Roma examine communities pre-selected to be Roma, thereby often providing a relatively homogeneous, and usually poor, Roma sample. In fact, the Roma comprise an extremely heterogeneous and fluid ethnicity, considered to be a unitary group only by outsiders. Roma are comprised of multiple groups (e.g. Lovari, Kalderash, Boyash), with different languages, religions, and cultural heritages. The differences between these groups are often larger than between Roma and non-Roma (Mitev et al. 2001:44-45). The sampling procedure used here helps overcome this lack of heterogeneity. For example, the first wave data collected in 1999-2000 show that approximately 8% of self-identified Roma living within segregated Roma settlements completed more than elementary school education, but 26% of self-identified Roma living in neighborhoods of mostly ethnic majorities completed more than elementary school. Similarly, 55% of self-identified Roma living in Roma settlements are unemployed, compared to only 25% of self-identified Roma living in neighborhoods of mostly ethnic majorities. Studies of pre-selected Roma settlements reflect only the first figures, while these data project captures a more heterogeneous Roma population.

The other key Time 1 independent variables included in the analysis are measures of state transfers, including transfers for poverty benefits and transfers for old age/disability benefits.[7] The longitudinal nature of our data allows us to investigate competing hypotheses about the effects of welfare payments on poverty. We can examine the effects of payments at Time 1 on whether the respondent is in poverty at Time 2, net of Time 1 controls, thus eliminating possible endogeneity between welfare and poverty. We include state transfers for poverty benefits as a dichotomous variable, indicating whether or not they were received at Time 1.[8] As Table 1 shows, approximately 5% of the respondents received poverty transfers at Time 1. Transfers for old age/disability benefits were coded as categorical variables, grouped into 3 categories: none received, received $1-200 PPP in transfers, or received over $200 in transfers.[9] Approximately 26% of respondents received between $1-200 in disability or old age transfers, while approximately 31% received over $200 in disability or old age transfers.

The other independent variables predicting absolute poverty include several indicators drawn from the Time 2 data. We include the country the respondent lives in (Bulgaria, Hungary, Russia or Romania), living in an urban area, number of persons in the household, whether the

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[7] The survey also included measures of state transfers for children, unemployment benefits, and scholarships. However, these variables did not significantly predict poverty (net of other controls) and thus were not included in the final analyses.

[8] We investigated several different measures of poverty transfers. However, the most significant effect was whether or not the transfer was received; results did not vary significantly depending upon the actual amount of the poverty transfer.

[9] We investigated different codings of these variables as well. However, the crucial cut-off point seems to be over $200. Variations on this coding did not significantly change the results.

household includes a single woman with children,[10] the average age of the adults in the household, whether the most educated person in the household has an elementary school education or less, whether one or more jobless[11] adults live in the household, all measured at Time 2.

RESULTS

Changes in Poverty Status over Time in Central/Eastern Europe

As mentioned earlier, our survey took place during the market transition in Central and Eastern Europe, a period of rapid economic change accompanied by a dismantling of socialist safety nets. While much of the literature suggests that inequality has deepened during the market transition, a key question is whether people are better or worse off in absolute terms. While ideally we would need data on absolute poverty before the market transition began, our data on changes from 1999/2000 to 2001, though the time period is short, can suggest whether the ongoing economic changes in these countries are reducing absolute poverty levels. Table 2 shows that absolute poverty levels have remained stable from 1999/2000 to 2001 in Bulgaria and Hungary, while poverty has increased slightly in Russia, and has increased substantially in Romania (from 37% to 48%). The table also illustrates country differences in levels of absolute poverty, with Hungary have much lower poverty rates than the other countries. Still, even in Hungary, these findings show that poverty is not decreasing, and, in fact, may be increasing.

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[10]This is a proxy for female-headed household. The survey did not ask who was the household head.

[11] Household members were considered “jobless” if they were either “unemployed” or “doing nothing.”

To answer the question of whether those who were previously poor are able to rise out of poverty over time, we show the percentages in poverty among those who were poor in 1999/2000 in Table 3. In Bulgaria, Romania, and Russia, the majority of those who were previously poor remain in poverty two years later. This is especially true in Romania, where nearly 79% of those who were previously poor remain in poverty in 2001. In contrast, only 40% of Hungarians who were poor in 1999/2000 remain poor in 2001. This corresponds to the much lower levels of poverty overall in Hungary, but also shows that poverty in Hungary is more transient.

Poverty and Ethnicity

Regardless of the extent of absolute poverty, an important question is whether poverty among the Roma, a historically poor ethnic group, is deepening or lessening as Central/Eastern Europe undergoes economic changes. Table 4 shows absolute poverty rates at Time 1 and Time 2 for those who do and do not self-identify as Roma. Not surprisingly, the table illustrates the much higher poverty rates among the Roma in all three countries at both points in time (Russia is excluded from these analyses because of the small number of Roma). Absolute poverty rates for the self-declared Roma in Bulgaria and Romania are close to 90%, while the percentage in poverty among the general populations of those countries ranges from around 32%-47%. In Hungary, the lower absolute poverty rates overall are also evident in lower poverty rates among the Roma, compared to the Roma in the other countries.

As for changes over time, the table shows variability in the extent of change in poverty among the Roma over time. In Bulgaria, poverty rates for the Roma, just as among the general population, remain stable over time; approximately 90% of self-identified Roma are poor at both points in time. In contrast, absolute poverty rates increase substantially over time for the Roma in

Hungary. In Hungary, poverty rates remain relatively low and stable for the non-Roma population (around 11%), but the percentage of Roma in poverty increases from 43% at Time 1 to 61% at Time 2. This finding illustrates that, not only does poverty disproportionately affect the Roma in Hungary, a country with relatively low poverty rates overall, but absolute poverty among the Roma has increased dramatically from 1999/2000 to 2001. The Romanian case reveals a different pattern. Poverty has increased among the non-Roma population (from approximately 36% to 47%), and has also increased among the Roma population (from 83% to 98%). However, poverty has increased more among the Roma than the non-Roma in Romania, and by 2001, poverty rates among the Roma were dire; nearly all (98%) of self-identified Roma were living in absolute poverty.

Poverty and State Transfers

Given the higher poverty rates of the Roma, we expect that the Roma would have higher rates of receipt of state transfers to alleviate poverty. Table 5 shows that, indeed, in all three countries, the Roma are more likely to have received poverty transfers than non-self-identified Roma. In Bulgaria, this finding is particularly striking, as nearly 35% of Roma received poverty transfers, compared to only 6% of the general population; this is not surprising, however, given the much higher poverty rates among the Roma shown in Table 4. In Hungary, about 17% of Roma received poverty transfers compared to 6% of the non-Roma population, while in Romania, only 8% of the Roma population received poverty transfers, compared to 3% of the non-Roma population.

Table 6 shows the receipt of state transfers for disability or old age[12] by poverty status in Bulgaria, Hungary, Romania, and Russia. The Table shows that slightly more than half of the

[12]Unfortunately, the survey does not distinguish between these two types of state transfers.

households in the survey were receiving some amount of transfers for disability or old age. Perhaps not surprisingly, poverty status has little relation to the amount of these transfers received. About 45% of both the poor and non-poor received no disability or old age transfers. However, among those receiving transfers, the poor were more likely than the non-poor to receive a lesser amount of these transfers (from $0-199) and the non-poor were more likely to receive over $200 in disability or old age transfers (34% of non-poor received this amount, compared to 18% of the poor). Since these transfers were included in the calculations of the income to determine poverty rates, it may be that receipt of a significant amount of disability or old age transfers is helping to lift some households out of poverty. This possibility will be explored later in the paper.

Predictors of Absolute Poverty

Table 7 presents odds ratios based on logistic regressions predicting absolute poverty at Time 2, using both Time 2 and Time 1 predictors. The first model includes all the Time 2[13] control variables, as well as poverty at Time 1 and self-identification as Roma at Time 1. The results show some effects of country of residence on poverty. Bulgarians, Romanians, and Russians are significantly more likely to be poor than Hungarians.[14] Romanians, in particular, are

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[13]We ran the regressions with only time 1 predictors and the substantive results were the same as with the Time 2 control variables. We decided to use the Time 2 predictors since the current status of the respondents with regard to these factors seems most relevant to their current poverty status.

[14]These are survey regression results, weighted to reflect the unique design of this survey. We did, however, run the results unweighted as well, and compared the results. The results did not substantively change with or without the weights. The weights were calculated based on the

over eight times as likely as Hungarians to be living in absolute poverty, while Russians are seven times as likely, and Bulgarians are four and a half times as likely to be poor.

The other control variables have effects in the expected directions. Respondents living in urban areas are more than half as likely to be poor as those living in rural areas. As the number of persons in the household increases, per capita absolute poverty also increases. Households with single females with children are more than two and a half times as likely to be poor as other household types. As the average age of the adult household members increases, poverty declines slightly.[15] As expected, those living in less educated households, where the most educated adult has only an elementary school education or less, are almost three times as likely to be poor as those living in more educated households. Finally, also as expected, those living in households with one or more jobless adults are also almost four times as likely to be in poverty as those living in households with no jobless adults.

The variables of most interest to us are the Time 1 measures. Model 2 adds the first of those variables, poverty at Time 1. Not surprisingly, Time 1 poverty has a significant and positive effect on poverty at Time 2. Those who were poor in 1999-2000 are nearly five times as likely to also be poor in 2001. Once this variable is added to the model, the other variables in the models essentially address changes in poverty from Time 1 to Time 2. However, all of the variables that

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design of the original survey, and are used, in particular, to account for the oversamples. These weights were re-calculated based on the number of cases in the follow-up survey, to allow each country's cases to have the same impact on the final results.

[15]We also ran the regressions with the age of the respondent and the age of the oldest household member, and these variables were not significant.

were significant predictors of poverty at Time 2 continue to be significant predictors of change in poverty status, although the magnitude of the effects declines for most of these variables.

Model 3 adds self-identification as Roma to the equation. The table shows that respondents who self-identified as Roma at Time 1 are nearly five times as likely to be poor at Time 2, even controlling for their household size and structure, education, employment status, and previous poverty. In Model 4, we add interviewer classification as Roma to the model. Adding this variable does not change most of the other effects, but it does significantly reduce the effect of self-identifying as Roma (from 5.0 to 2.6). However, controlling for whether they were classified as Roma or not by interviewers, self-identified Roma are still over two and a half times as likely to be poor as those who do not self-identify as Roma. Since Roma are generally assumed to be poor, this finding may not seem surprising. But the finding does suggest that self-identified Roma may experience a self-fulfilling prophecy that subjects them to continued poverty, even in the absence of outsider classification as Roma. It is also possible that self-identification captures other structural conditions, not captured by the control variables, which surround the Roma and make it difficult for them to escape poverty. Likewise, those who are classified as Roma by interviewers, even if they do not self-identify as Roma themselves, are also over two times as likely to be poor as those who are not classified as Roma. This significant effect points to the stigma associated with being Roma. Those who are labeled Roma may experience discrimination that makes it difficult for them to escape poverty.

Model 5 adds state transfers[16] to the model. Adding transfers to the model does not change the odds ratios of the other variables, with two minor exceptions. The odds ratio for mean age of

[16]We tried this analysis using a combined measure of state transfers, but found that poverty and old age/disability transfers had distinct effects. Therefore, we chose to include these as separate

adult household members declines, to the point where it does not even border on significance, and the odds ratio on poverty at Time 1 declines slightly (from 4.72 to 4.40). These changes suggest that these variables are correlated with the receipt of state transfers, and the receipt of such transfers partially contributes to their effect. For example, the effect of the mean age of adult household members seems to be significant only because households with older members are more likely to receive disability or old age transfers. Receiving poverty transfers seems to increase the likelihood of being poor. Those who receive such transfers are over 1.9 times as likely to be poor as those who do not receive them,[17] even controlling for poverty at Time 1 and other factors, although the effect only borders on significance. Thus, poverty transfers seem to have the opposite effect as intended: they do not serve to lift people out of poverty, but serve to perpetuate it. Examining the effects of old age/disability transfers reveals an even more complex pattern. Those who received some old age/disability transfers, but less than $200 PPP, were no

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variables. We also ran models with an interaction of country and the state transfers variables, but found only significant main effects; therefore, the interaction models are not included here.

[17]It does seem to be the receipt of such transfers that matters, and not merely eligibility for them. Here, those who are eligible, but did not receive transfers are coded "0", along with those who were ineligible for transfers. We found that those who were eligible, but did not receive poverty transfers, did not significantly differ from those who were not eligible in their likelihood of being poor. However, the vast majority of those who were eligible for benefits received them. This, however, may be an artifact of the survey. The question on eligibility immediately preceded the question on how much was received, and was a skip pattern. It is also likely that those who were eligible but did not receive benefits did not know they were eligible and thus answered the question incorrectly.

more or less likely to be poor than those who received nothing.[18] However, we see that those who received over $200 PPP in state transfers for old age or disability are significantly less likely to be poor than those who received no such transfers. This finding suggests that, while receiving some transfers, but not a significant amount, may serve to perpetuate poverty, receiving an adequate or substantial amount can help alleviate poverty and lift individuals out of poverty. In the case of poverty transfers, it may be that so few individuals received substantial poverty transfers to actually help alleviate poverty (only a handful received over $200 PPP in poverty transfers). Thus, the actual amount of the transfer helps determine who is poor.[19]

DISCUSSION

We posed five research questions related to the nature of poverty and ethnicity in the Eastern and Central European context. The first question asked if the extent of poverty changed during the ongoing process of marketization in that region. The temporal span of our data is short, so we can assess only the several years between 1999 and 2001. However, these data suggest that poverty has not decreased. It is either unchanged or increasing (especially in Romania). Thus, during this time period at least, the overall prediction of the neo-classical economic literature seems not to be occurring, that absolute poverty would decrease. Furthermore, Table 3 suggests, again contra the position of the neoclassical position, that poverty is deepening in Bulgaria,

[18] Again, we tested whether those who were eligible, but not receive transfers differed from those who were ineligible in their likelihood of being poor, and we found that they did not.

[19] We also tried these analyses controlling for income at Time 1, to investigate if perhaps the transfer was serving as a proxy for income, but income had no effect, and did not change the substantive results at all.

Romania, and Russia because those in poverty during the first time period were more likely to be in poverty during the second time period. However, the neoclassical position does seem to be supported by the Hungarian results because Table 3 shows there is considerable turn over among the poor. In this country, where the market transition has been fastest and change most extensive, those who were poor during the first time period were less likely to be poor at the second time period, even though the overall extent of poverty has not decreased.

The second question asks whether the correlates of poverty have changed during the time period during when the data were collected. We did not present the analyses in this paper, but regressions analogous to Table 7, using Time 1 variables instead of Time 2 variables for urban/rural status, number of persons in the household, household with single females, mean age of the household, education, and job status (and excluding the Time 1 variables in Table 7) show that the correlates did not change substantially between the two time periods. We cannot discern from these data, of course, whether we have obtained this result because the change in these determinants occurred earlier in the market transition or because the time period represented by the data here were too short.

Our third research question asked about the effects of state transfers. Model 5 in Table 7 provides some results to help adjudicate the debates about whether state transfers increase poverty, as might be predicted by the neoclassical argument that welfare traps individuals in a cycle of poverty or whether state transfers help individuals out of poverty by providing additional income, as might be predicted by the institutionalist argument that markets create poverty. Our results are borderline significant, so we do not make overly strong claims on their basis. However, our results are quite interesting. Though the positive coefficient on poverty transfers suggests that state transfers may be a welfare trap, the results for pensions and disability payments, which we were able to disaggregate by the amount of the transfer, suggest the opposite. At high enough levels, state transfers do reduce poverty. Thus, the problem with state transfers may be that they are too low, not that they necessarily trap individuals in poverty.

Our fourth question asked if the extent of Roma poverty changed over time. Table 4 suggests that Roma poverty has deepened over time, because it shows that the percent of Roma in poverty has increased in Bulgaria, Hungary, and Romania over time. The change in Bulgaria is small; nearly all Roma were poor at Time one, so there is relatively small room for upward change there. Of course, the number of Roma represented here is necessarily small. The number of Roma who self-identify will be a small percentage of any sample. Since we oversampled by interviewer-identification to increase the heterogeneity of the sample, the number of self-identified Roma will be small. Still, however, even with the small sample size, we emphasize that these results are unique. We know of no other data set that can provide representative results about the Roma over time. Furthermore, despite the small sample size, these data provide an estimate of the extent of change, which ethnographic studies and results based on purpose sampling cannot provide.

Finally, we asked, in our fifth question, about the relationship between poverty and Roma ethnicity. Our results show that interviewer identification seems to have a separate effect from self-identification. We suggest that the effect of interviewer identification can be attributed to a "labeling effect," that is individuals who are labeled or called Roma by others are more likely to be concentrated in poverty. As Telles and Lim (1998) argue, it is in fact interviewer identification that better captures social processes, such as interviews or admission applications, where a somewhat knowledgeable outsider assesses an individual's ethnic identity. In this sense, our variable of interviewer identification captures this process of labeling or social classification.

We cannot completely explain the remaining effect of self-identification. We had hoped that this remaining effect of self-identification could be explained, in line with an underclass explanation, by other variables in our models equation, including variables that might represent structural effect associated with "underclass" status, including education, job status, or poverty status. However, we find a remaining effect of Roma ethnicity despite the presence of these other variables. Of course, we cannot measure here many other structural factors that could produce these results, including assess to jobs and markets. We argued, however, that discrimination against the Roma is evidenced by the labeling effect. This effect is net of the socio-demographic characteristics we include in the equation and it does reduce some of the effect of self-identification as Roma.

In addition to answering these research questions, we add to the growing literature on poverty during the market transition. Somewhat to our surprise, we do not find strong differences between countries with respect to the correlates of poverty, though the level of poverty in Hungary is much lower than in the other countries as suggested by our review of the country effects above. Our results for households with single mothers and employment status is consistent with previous literature illustrating the same association (Grootaert and Braithwaite 1998; Lokshin et al. 2000). However, previous literature produced inconsistent findings with respect to age and education; though low education seems to be correlated with poverty in most of the countries, its effect seems to have been declining in Russia (Gerber 2000; Grootaert and Braithwaite 1998; Milanovic 1998.). Our results suggest that it is uniformly important; those with low education are more likely to be poor. Although our findings are significant for age, the magnitude of the effect is small. Of course, some of the difference in results may result from our use of the household variable, mean age of adults, while other studies based on the individual level used age of the individual. Overall, however, our results show that despite different levels of poverty, the correlates of poverty are largely similar in these countries. We cannot discern whether country differences in previous research, not reproduced here, stem from different survey instruments and different methods used in the different countries (which is not the case in our research), but we argue that further comparative research is needed to explore in more detail these issues.

CONCLUSIONS

We attempted to assess the level and correlates of poverty, especially among the Roma, in four countries in Eastern and Central Europe. Our results show that poverty did not decline between 1999 and 2001 in these countries. It did not, in general, become less deep, either. Individuals who are poor, in fact, seemed to be increasingly concentrated in poverty. State transfers did seem to alleviate poverty, especially at high levels of payments. These findings, in general contradict the neoclassical position suggesting that over time, marketization should decrease poverty and that state transfers only exacerbate poverty. However, a major exception, which supports the neoclassical position, is that the depth of poverty seems to be decreasing in Hungary, the most marketized country. Of course, we would need more detailed measures of marketization to illustrate this point more definitely. Our findings on state transfers are not definitive, but like Kattuman and Redmond (2001:58) and Keane and Prasad (2002), we argue that state transfers seem to alleviate poverty, at least at higher levels of transfers. If the neoclassical argument is correct, that welfare payments traps individuals in poverty (Friedman and Friedman 1980; Hayek 1944; 1960; Stigler 1970; see reviews in Midgley 2001; O'Connor

2001; and Strait 2001:273), we argue this is because of the small size of the payment, not the payment itself.

Poverty seems to be deepening among the Roma, who are already concentrated in poverty. The extent of poverty is high and is increasing. The most worrisome finding is in Hungary, which already joined the European Union. While the extent of Roma poverty is lowest in Hungary, these data suggest it is increasing, not decreasing. Our results also suggest that are separate effects of Roma ethnic identification (self-identification) and social labeling (interviewer-classification). The interviewer effect is anticipated by the literature on social classification, that is, that ethnicity can be considered to be an outcome of a classificatory process (Barth 1969:10; Bourdieu 1991:221; Ignatiev 1995; Jenkins 1994:202; Madood 1996; McAll 1990 20, 66-67; Smedley 1993: 218-219; Williams 1989). The effect of self-identification is consistent with the "underclass" literature (Massey and Denton 1993; Gans 1996; Myrdal 1963; Tienda 1989; Wilson 1978, 1987), which suggests that those individuals who are ethnic minorities will be more likely to be concentrated in extreme poverty. We hope that further research, which can identify further structural conditions that affect Roma poverty, can help to explain more of the self-identification effect.

The improvement of the condition of the Roma has been and continues to be of major concern for the European Union (Commission of the European Communities 2001a, 2001b; DG Enlargement Information Unit 2002; European Commission 1999). The data here suggest that their condition is not improving, and in fact, may be worsening over time. These results clearly illustrate that much more data are needed on Roma, illustrating the need for comparative and longitudinal research.

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Table 2. Percentage in Absolute Poverty, 1999/2000 (Time 1) and 2001 (Time 2), (weighted) Bulgaria, Hungary, Romania, and Russia (N in parentheses)

	% Poor, Time 1	% Poor, Time 2
Bulgaria	36.94	36.99
	(1034)	(833)
Hungary	12.78	13.12
	(834)	(654)
Romania	36.86	47.92
	(983)	(810)
Russia	31.01	35.45
	(415)	(351)