The MIDDLE CLASS: Increasingly Fond Memories of a Grim Past

David S. Mason

Butler University, dmason@butler.edu

Follow this and additional works at: https://digitalcommons.butler.edu/facsch_papers

Part of the Comparative Politics Commons

Recommended Citation
Available at https://digitalcommons.butler.edu/facsch_papers/32
Increasingly Fond Memories of a Grim Past

Despite seemingly successful reforms in many post-communist countries, increasing numbers of people have been sliding from the middle class into poverty. Nostalgia for the late communist era is on the rise, and a new study warns that the perceived levels of social and economic decline surpass the actual ones — which could spell trouble for the reformers.

By DAVID S. MASON, ANTAL ORKENY, and SVETLANA SIDORENKO-STEPHENSON

The economic and political transitions in post-communist Europe have been a resounding success in many respects. Democratic processes and institutions have consolidated with unexpected speed, and market economies have emerged rapidly. Economists point to resumed economic growth (after years of stagnation or decline), rapid expansion of the private sector, and the ready availability of consumer goods. Politicians and political scientists are heartened by the growth of multiparty politics, the orderly electoral and parliamentary processes, and the emergence of a lively free press.

Amid all those successes — and much to the surprise of many Western and local observers — the reformed-communist parties swept into power in many post-communist countries in the mid-1990s, while left-wing opposition forces began mounting strong challenges to the market-oriented reforms in other countries in the region. The left turn in the public mood was, above all, a reflection of a widespread and fundamental disaffection with the reform processes. While a small minority was doing very well as a result of the market-oriented economic reforms, most people were not, and alarmingly large proportions of the respective populations were falling into absolute poverty (see box, "The Swelling Ranks of Poverty").

The old communist-era "middle class" has been forced to sink or swim in the new competitive environment. Those with skills and adaptability have been able to manage, but much larger numbers have been forced into unemployment and retirement, which often means poverty.

By DAVID S. MASON, ANTAL ORKENY, and SVETLANA SIDORENKO-STEPHENSON

From 1991 to 1995, the real incomes of Russia’s citizens dropped by 40 percent. Some, like this man being arrested for stealing cabbage in a village near Moscow, resorted to petty crime to cope with financial trouble.

The political implications of the increasing social polarization is compounded by the tendency of most people to perceive the changes as even worse than they are. As a comparison between the 1991 and 1996 International Social Justice Project (ISJP) surveys reveals, people remember the late communist era and their social positions then in a much more favorable light now than they regarded them at the time.

PERCEPTIONS OF ECONOMIC DECLINE

In 1996, the ISJP fielded a survey on justice perceptions in six post-communist societies (Russia, Estonia, Bulgaria, Hungary, the Czech Republic, and eastern Germany), replicating a 13-country survey from 1991 that had also covered some Western countries. In both years, the ISJP investigators conducted face-to-face interviews in each country with nationally representative samples of at least 1,000 respondents. The 1996 survey included many of the questions posed in 1991, allowing for comparisons over time, but it also included a number of questions about the respondents’ remembered experiences and situations from the earlier period.

The findings of the 1996 survey for Russia, Estonia, Hungary, and Bulgaria are already available and reveal a general pattern. (Estonia is a somewhat special case; see box, "Russians in Estonia Bear the Brunt of Changes.") In all four countries, most people feel themselves to be in a very difficult economic situation and see the problems primarily in terms of employment and income security. This perception is stronger in Russia than in the other post-communist societies, where political and social changes are more noticeable.

From 1991 to 1995, the real incomes of Russia’s citizens dropped by 40 percent. Some, like this man being arrested for stealing cabbage in a village near Moscow, resorted to petty crime to cope with financial trouble.

PERCEPTIONS OF SOCIAL DECLINE

The ISJP included two questions about the self-perceived social position of respondents: one about the respondents' class position, and the other about their social position in society on a 10-point scale. The comparison of class self-identification from 1991 to 1996 is difficult for a number of reasons: the declining importance of class as an ideological construct in post-communist societies (and the consequent popular confusion about the nature of class); the dramatic changes in the social structure of those societies accompanying privatization of the economies; and the fact that ISJP investigators in some countries changed the class response sets in 1996, reflecting the changes in soci

with the standard of living. Nevertheless, the continuing high levels of dissatisfaction — even in countries that have begun to show a positive economic turnaround, such as Estonia and Hungary — must be at least somewhat alarming for policy-makers in the region.

What is most interesting about Figure 1, however, are the figures in the last two columns: the respondents' 1996 perceptions about how satisfied they were with their standard of living in 1989-1991. In Bulgaria, for example, only 7 percent of respondents remembered being completely dissatisfied with the standard of living in 1989, whereas in the 1991 ISJP survey, as many as 21 percent of a similar sample expressed such levels of dissatisfaction. There are even larger discrepancies considering the broader measure of dissatisfaction (“dissatisfaction”). In Russia, for example, only 17 percent remember being dissatisfied with their standard of living in early 1991, whereas 65 percent expressed such feelings in the ISJP survey that year.

That pattern of unrealistically fond memories of the late communist era is repeated in virtually all answers to questions involving retrospective evaluations of personal and national economic situations, the political system, and the respondent’s own social status. It is well established in survey research that people often do not exhibit very accurate recall, and they particularly tend to forget unpleasant events or circumstances. It is not the accuracy of memory that is relevant here, however, but the perceived disjunction between the way things used to be and the way things are now. Periods of economic decline are always dangerous for political stability, and it is worse when people perceive the decline to be greater than it actually is.
ety but making comparisons on these questions over a peri-

od of time more difficult. For all those reasons, the
answers referring to social position are more reliable and
useful than those on class.

Nevertheless, some general observations can be made
about the changing nature of the class system in post-com-

munist societies. There has been a sizable increase in the
percentage of people who place themselves in the "lower
class": in Bulgaria, that group increased from 12 percent of
the sample in 1991 to 23 percent in 1996, in Russia it rose
from 4 percent to 15 percent, and in Estonia it went from
4 percent to 8 percent. Only in Hungary did this number
decline, from 20 percent to 16 percent, although other stud-
ies from Hungary show an increase in self-placement in the
lower class in the early 1990s.2

Both ISJP surveys asked the respondents to place them-
selves on a one-to-10 scale, with 10 indicating high and one
indicating low social standing. The 1996 survey also asked
people where they were on the scale in 1989–1991. Figure
2 shows the mean position for each country for each of
those three responses and the percentage of people whose
current position was lower or higher than their retrospective
position (in the final two columns). In all country samples,
there is a high correlation between subjective social class
and subjective social standing, so the latter is a useful sur-
rogate for class.

On average, people in all four countries placed them-
selves fairly low on the social ladder, though the averages
were much lower in countries like Bulgaria, where the eco-
nomic situation was particularly difficult, than in Estonia,
where it was better. In every country but Russia, there was a
substantial drop in the average position between 1991 and
1996. As in Figure 1, the perceived decline was much bigger
than the actual one, since people in 1996 remembered their
erlier social positions as much higher (column 3) than peo-
ple reported at the time (column 1). As is apparent, most peo-
ple experienced a decline in social status, and in most coun-
tries, very few perceived a gain for themselves.

Those perceptions of decline can be partly explained by
the real decrease in living standards, but also by a sense of
relative deprivation. That is evident from questions that ISJP
investigators asked about what compensation people feel
they deserve for their work and what they actually get. In
Russia, for example, that ratio was 2.3 in 1991 (people felt
they deserved 2.3 times more than they actually earned), but
by 1996, that ratio had grown to four. The higher visibility of
social inequalities such as ostentatious wealth and increased
material aspirations also play an important role when people
evaluate their social positions.

In both Russia and Hungary, the biggest changes in per-
ceived social status appear at the extremes of the scale, with
people at the bottom of the status scale experiencing the
biggest drop in status, and the people at the top of the scale
perceiving the biggest increases. Consequently, from 1991 to
1996, people were pulled out of the middle categories both in

1Crisis in Mortality, Health and Nutrition, Regional Monitoring
Report No. 2 (Florence, Italy: UNICEF International Child
Development Center, 1994).
2Sotsialnaya sfera Rossii: Statisticheskii sbomik [The Social Sphere
M.K. Levashov, et al., Kud chislona Rossiya? [How Does Russia
Live?] (Moscow: Russian Academy of Sciences, 1995).
3Richard Rose and Christian Haerpfer, "New Democracies Barometer
III: Learning From What Is Happening in Public Policy, no. 230 (Glasgow: University of Strathclyde, 1994).
4Roberts, "Egyenlisegeket" [Perceptions of Inequality], in R. Andorka, T.
Kolosi and G. Vukovich, eds., Tarsadalmi Report [Social Report]

2A 1994 UNICEF study of the former Soviet bloc found
that the economic changes had "provoked a deter-
roration of unparalleled proportions in human welfare"
and a "health crisis" embodied in rising incidences of
infectious diseases, stress, malnutrition, and alcoholism.1
The same study reported that in Poland, the country that
had experienced the most rapid and successful economic
turnaround, the percentage of the population living in
poverty had risen from 25 percent in 1989 to 44 percent

In Russia, the population experienced both a decrease
in living standards and growing income polarization.
From 1991 to 1995, real incomes decreased 40 percent.2
The ratio between the incomes of the wealthiest and
poorest rose from 4.4 in 1990 to 13 in 1996. Declines in
living standards and health care led to an unparalleled
drop in life expectancy for males, from 64 in 1987 to
57.3 in 1994 — lower than that in the Philippines or
Indonesia. A January 1995 poll in Russia reported that
60 percent of those surveyed said they had only enough
money for food, or not even that much.3

Conditions vary across the region. In Poland, for
example, most people are better off than the majority in
Russia. But in virtually every country in Eastern Europe
and the former Soviet Union, most people felt their eco-
nomic situation had deteriorated. As late as 1994, almost
twice as many people rated the former communist econ­
omy more highly than the new economic system. Of the
10 post-communist societies included in a 1994 study,
only in the Czech Republic did more people rate the new
system better than the old.4 Support for the new eco-
nomic system has risen somewhat since 1994 in most
countries but remains very low in some, including
Bulgaria and Hungary.

upward and downward directions, causing an increased
polarization of the social structure and a decline in the size
of the middle class. In the Russian case, for example, the
1991 distribution curve of social position resembled a nor-
mal, bell-shaped curve, with the largest number of people in
the middle categories and smaller numbers at the low and
high ends. By 1996, the curve looked more like a saddle,
with the middle positions relatively smaller. A similar phe-
nomenon was at work in Hungary.

For all four countries, probably the biggest reason for
decreased living standards, increases in the "lower class,"
and decreased social status was a dramatic decline in the number of full-time employees. In both 1991 and 1996, very few people with full-time jobs considered themselves at the bottom of the social ladder or in the lower social class. But from 1991 to 1996, there was a startling decline in the proportion of those with full-time jobs in each country, and big jumps in the number of retired and unemployed people (see Figure 3).

In none of the four countries was even half the population working full time in 1996, and in Bulgaria and Hungary only somewhat more than a third was. It is primarily the increases in the number of unemployed and pensioners that are expanding the ranks of the lower social classes in those societies.

YEARNING FOR THE KADAR ERA

The change in employment structure is one of the biggest differences in the survey samples in Hungary in 1991 and 1996. The collapse of state socialism and the consequent end of the so-called caring employment policy account for the emergence of a relatively large new stratum of poor — people whose jobs became redundant and who have no convertible skills (such as workers in mining and heavy industry). These people have no prospect of finding new positions and are increasingly marginalized. In absolute terms, they are the big losers in the transition process.

In relative terms, however, the middle class has lost even more. Between 1990 and 1995, the middle strata in Hungarian society suffered a 20 percent decline in real income. The country’s middle class was in part a function of the abundance of state-provided jobs, but an even broader and bigger middle stratum emerged in the 1980s, primarily as a result of activities in the shadow economy. Some Hungarian authors have come to refer to those groups as middle class, albeit without the classic middle-class features of autonomy, democratic attachment, and a Weberian work ethic.

Furthermore, since the communists forbade private ownership of the “means of production,” the middle class was entirely dependent on either state redistributive mechanisms or the shadow economy. So when both of those collapsed after 1989, many of those people were propelled into poorer social strata, although a small number — mostly the younger generation of state bureaucrats and managers — were able to capitalize on the new processes of marketization and privatization.

The marketization of the economy and labor relations increased the gap between the private and the state sectors. The free-market economy and the liberal political system eliminated the official upper limits on income, and that led to further inequalities in income distribution. Moreover, the middle-class groups that remained employed by the state (for instance, in the health and education sectors, which remained mostly nonprivatized) experienced the most drastic declines in incomes, living standards, and consumption.

The middle class has experienced substantial downward mobility. In practical terms, that meant that many people lost their jobs and were either forced into early retirement or compelled to retrain for different jobs and positions. On the psychological level, it led to feelings of insecurity, uncertainty, and fear for the future, all of which show up in answers to other questions in the ISJP survey. Such feelings have, in turn, fostered a strong conservative mentality, fearful of any changes or programs that could bring new dangers and challenges, and a false memory about and nostalgia for the Kadar era (the last part of the communist period).

RUSSIA’S SHRINKING ‘MIDDLE CLASS’

The Soviet Union, even more than the other communist states, had a particularly large “middle class” due to the pervasive and extensive nature of the socialized economy. The transition to a market economy has had a particularly invasive and extensive nature of the socialized economy. The transition to a market economy has had a particularly

Figure 3: Employment Status, 1991 and 1996

(in percentages)

<table>
<thead>
<tr>
<th>Country</th>
<th>1991</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>25.0</td>
<td>13.1</td>
</tr>
<tr>
<td>Estonia</td>
<td>25.6</td>
<td>15.7</td>
</tr>
<tr>
<td>Hungary</td>
<td>32.6</td>
<td>16.2</td>
</tr>
<tr>
<td>Russia</td>
<td>31.2</td>
<td>18.5</td>
</tr>
</tbody>
</table>

Working Full-time
Retired
Unemployed
Other
The 1996 International Social Justice Project survey found interesting differences along ethnic lines in Estonia. Estonians and ethnic Russians have different perceptions about current and past social standing and economic well-being, as well as differences in employment status. In 1996, ethnic Russians were somewhat more dissatisfied with the standard of living than were Estonians. But Estonians were much more likely to remember being dissatisfied in 1990 (24 percent) than Russians (11 percent).

Similarly, Estonians rated their current social positions higher (4.7) than did ethnic Russians (3.95). On the other hand, ethnic Russians remembered their 1990 status as higher (5.96) than Estonians (5.54). Thus a much larger percentage of ethnic Russians (71 percent) perceived a loss in position than Estonians (47 percent). Moreover, in 1996, ethnic Russians were significantly more likely to be unemployed than Estonians (9.9 percent compared with 4.6 percent) and somewhat less likely to be retired or working full time.

Intergenerational tension and conflict have historically played a big role in the evolution of Russian society, as manifested in the traditional dilemmas of "fathers and sons." The current social transformation, however, has made the generational dimension central. There is an obvious and growing gap between the younger and older generations, which did not exist in 1991. In 1996, for example, only 6 percent of the youngest age group (18-26) considered themselves in the lower social class, whereas 32 percent of the oldest group (66-75) did. Conversely, 47 percent of the youngest age group considered themselves in the middle class, while only 12 percent of the oldest group did. Those differences are continuous across all age categories and do not just reflect the extremes.

Estonian economies render the older generation particularly dependent upon the state, at a time when the government's financial troubles are jeopardizing the entire welfare system. The average retirement pension in today's Russia is only 84 percent of the minimum subsistence level, forcing a big proportion of the older generation into poverty. The generation gap is not just a financial one, but also a social and cultural one. Many older people are experiencing a loss of social status and respect, which they had hoped and expected to secure as a reward in their old age.

PROGRESS THROUGH INEQUALITY?

The changes in the post-communist states are not just political and economic but social as well, involving fundamental changes in the subjective and objective social structures. Poverty and wealth are increasing at the same time, causing increased societal polarization.

The shifting of the social and class structure is, of course, making those societies more like Western ones, just as the economic and political transitions are, and that may be good news for the efforts of the market-oriented governments in these countries. Probably a capitalist economy could not coexist with social structures as egalitarian as those that prevailed in the communist era. The governments of the post-communist states can hope that the expansion of poverty and the generalized loss of social position are only temporary phenomena. Since it is older people who are most affected by these changes, it is only a matter of time until they are replaced in the labor force by those younger and more adaptable. And as the economy improves — as the reformers hope and expect — the governments should be able to afford more substantial welfare programs.

But in the short run, the growing poverty and inequality, and the widespread sense of social and economic decline — in societies that are still generally much more egalitarian and statist than those in Western Europe and (especially) the United States — are bound to cause problems for the reformers.