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Workers without Power: Agency, Legacies, and Labour Decline in East European Varieties of Capitalism

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Abstract: This article revisits the case for paying more attention to agency and strategy in theories of post-communist politics and society. The author analyses two trends of major social and political significance in Central and Eastern Europe between 1989 and 2007: the apparent political inconsequentiality of rising unemployment and the causes and consequences of the dramatic decline of organised labour, across a wide variety of political and institutional settings. While the prevailing explanations have emphasised the institutional and ideological legacies of the communist past, the author points to theoretical reasons for why the 'unsettled times' of transformation may have been particularly conducive to elite agency. Looking beyond legacies can shed light on the degree to which elites have channelled the expression of workers' reform grievances towards socially peaceful but, possibly, politically illiberal repertoires of expression. Pointing to past developments across a number of advanced and developing democracies, the author situates the post-communist labour decline within a larger comparative and historical context. Lastly, the author indicates how the erosion of labour power has influenced the particular models of democracy and the varieties of capitalism that have been emerging in Central and Eastern Europe since 1989.

Keywords: unemployment politics, trade union politics, models of capitalism, public policies, elite strategy

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> Individuals in certain phases of their lives, and groups or entire societies in certain historical periods, are involved in constructing new strategies of action. ... Periods of social transformation seem to provide simultaneously the best and the worst evidence for culture's influence on social action. Established cultural ends are jettisoned with apparent ease, and yet explicitly articulated cultural models, such as ideologies, play a powerful role in organizing social life.
>
> Ann Swidler [1986: 278]

Under what conditions do agency and strategy assume greater importance vis-à-vis structure and legacy in determining the design of public policies? More generally, how large is the scope for political elites in liberal democracies to shape, rather than merely accommodate, the behaviour and preferences of citizens? My recent article in this journal was devoted to a plea for a more explicitly intentional and political-strategic analysis of the public policy pathways that have evolved in Central and Eastern Europe since 1989. I argued that we need to simultaneously acknowledge and circumscribe the roles of 'structure' and 'history' in theories of post-communism [Vanhuysse 2006a]. In the present article I revisit and further extend the case for paying more attention to agency and strategy in theories on contemporary Central and Eastern European societies, while focusing analytical attention on a different set of social phenomena. Given the strong and pervasive effects the communist one-party systems had on Central European societies for over four decades, it would be unwarranted to dismiss these concepts entirely. But we need to move beyond highly aggregate concepts and variables in order to identify history and structure at intermediate levels and as partly subject to manipulation by governments, rather than as inherited or invariant beyond strategic action.

The article is structured as follows. The first section spells out in greater detail the particular theoretical grounds for why we can expect the 'unsettled times' of post-communist transformation to be especially conducive to agency and strategy. The next two sections illustrate this general argument by critically analysing another set of sociologically highly significant and often seemingly puzzling empirical developments of post-communist politics – the apparent disappearance of unemployment as a politically salient phenomenon and the weak role of organised labour. Again, I argue that some of the leading theoretical explanations of these developments underplay the degree of agency and intentionality involved, and that key political actors were able to make purposive decisions *within* the parameters set by the external, structural, and legacy constraints of the transition. I furthermore place the politics of unemployment and organised labour within the larger context of the emerging varieties of capitalism within post-communist Central and Eastern Europe.

Political sociology in unsettled times: the variable interplay of agency and structure

Ever since Anthony Downs [1957] published his seminal work, *An Economic Theory of Democracy*, theories of politics (e.g. the influential spatial theories of voting) have modelled the behaviour of politicians and policymakers as mainly geared towards accommodating the preferences of their voters. But incumbent politicians can do other things. They often have a considerable degree of leeway to actively *shape* voter preferences or otherwise to pursue policies designed to favour their own objectives.[1] Proactive government strategy – elite agency – helps to explain the longevity in office of successful political leaders, such as Margaret Thatcher and Felipe Gonzalez. Both these leaders used their tenure to boldly reshape the political landscape of Britain and Spain, winning respectively three and four consecutive national elections in the process. In the case of the latter politician, one famous example is Spain's NATO membership. Faced with this massively unpopular issue, Gonzalez unexpectedly called a referendum in March 1986 instead of packaging the issue together with other issues in the national elections that were due in June of the same year. Gonzalez threw his whole weight behind a yes vote, even though initially only 19% of voters supported membership. When one month before the referendum support still stood at 26%, Gonzalez raised the stakes even further by announcing that he would resign in the case of defeat. Gonzalez eventually won the March referendum by 53% and went on to win an absolute majority of seats in the June elections [Maravall 1993; 1999: 181–183]. Similarly, Margaret Thatcher successfully reduced the absolute size of the traditionally Labour-oriented electorate of public sector workers and public tenants by aggressively privatising state enterprises and by selling over 1.5 million public housing units to private occupants. By simultaneously increasing the rental prices in public housing (by up to 80%) and decreasing sales prices (by as much as 70% below market value), Thatcher improved the relative welfare of private owners vis-à-vis tenants and increased the constituency of Conservative voters [Dunleavy 1991: 120; King and Wood 1999: 383].

Elite agency may also account for aggregate findings that, at first sight, appear to weaken the preference-shaping thesis. Page and Shapiro [1983, 1992] found a high degree of congruence between public opinion and public policy in 357 cases of significant policy change. Moreover, they claimed that changes in the behaviour of politicians have more often followed than preceded changes in public opinion. Not surprisingly, these studies are often cited as strongly supportive

[1] See Dunleavy [1991], Vanhuysse [2002]. A separate literature in the tradition of Tversky and Kahneman further weakens the preference accommodation thesis. Voters' choices vary systematically according to the way in which these choices are presented – framed – to them [Mercer 2005]. In evaluating incumbents, the weights that voters assign to different policy domains vary according to which domains are made accessible to them, or are suggested – primed – as important [Iyengar and Kinder 1987].

of the preference-accommodation thesis [see also Stimson 1999]. Yet Page and Shapiro [1983: 187] also estimated that in up to one-half of the cases of congruence between policy and opinion the former likely had a causal effect on the latter. And in Page and Shapiro [1992] the most significant variable in multivariate regressions on political opinion was, specifically, strong political personalities – a phenomenon that was aptly dubbed the *leadership* effect.

How important was agency in the context of the post-communist transformation in Central and Eastern Europe? By their very nature, the early stages of transition made this period even more conducive to preference shaping, leadership effects, and similar forms of agency and strategy on the part of policymakers. Under communism, special interest groups were either formally incorporated within the state apparatus or were repressed and marginalised. It is precisely this 'opening up', after 1989–1990, of the multiple dimensions of politics and society that made the early transition such a consequential period. These were the archetypal *unsettled times*, recognised by historical institutionalists and by students of institutional change as highly conducive to agency and strategy. This was a period of historical transformation similar to those in which, according to the sociologist Ann Swidler [1986: 278, 283], 'new cultural complexes make possible new or reorganized strategies of action'.

The last decade of the 20th century allowed for a high degree of agency on the part of political elites. Civil society started from a weak position because of the legacies of communism, but, crucially, elite behaviour may have further weakened this position in the early transition. Indeed, 'it is the political elite, rather than political institutions, that are dominant with respect to relations between government and civil society' [Korkut 2005: 162]. Party systems and voter loyalties were still in an early stage of formation, and electoral volatility was high [Kitschelt et al. 1999a]. At the same time this made proactive government strategies more urgent and potentially more rewarding. Policy-makers faced the complex task of directing simultaneous transformations of multiple policy domains, and there undoubtedly was a policy overload on the existing administrative capacities. Yet this context also provided post-communist politicians with critical opportunities to shape policies to their own benefit [Vanhuysse 2006b]. Laws, institutions, even constitutions – the very rules of the political game – were being shaped and reshaped. Enjoying broad popular support after toppling hated regimes, policy-makers initially benefited from the 'windows of opportunity' of 'extraordinary politics' [Balcerowicz 1995]. Even after these windows were closed and the social costs of transition soared, post-communist politics left substantial operational space for political elites to use their state power to design and implement proactive strategies aimed at shaping rather than accommodating citizens' behaviour and preferences [Vanhuysse 2006b: 4].

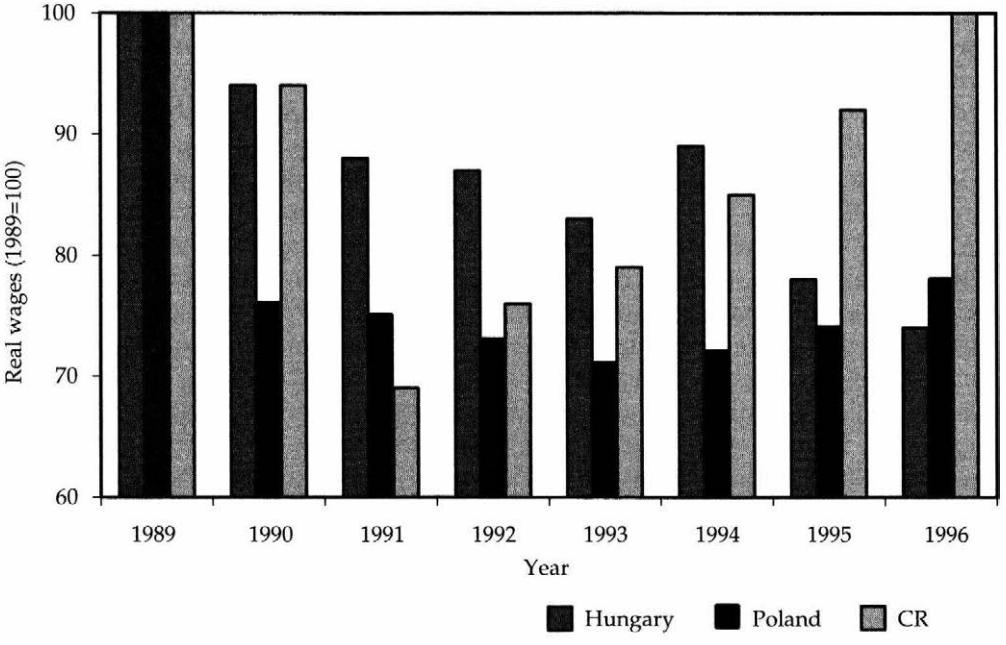
While obviously constrained by the institutions and capabilities at hand, key policy-makers had a bigger-than-usual opportunity to 'rework' this existing institutional material [Stark and Bruszt 1997: 6–7]. The tasks of implementing

far-reaching market reforms lent themselves precisely to this goal. As Douglass North [2005] observes, 'Economic change ... is for the most part a deliberate process shaped by the perceptions of the actors about the consequences of their actions. The perceptions come from the beliefs of the players – the theories they have about the consequences of their actions – beliefs that are typically blended with their preferences'. Although the leadership effect was increased in the Czech case due to the great charisma of Václav Klaus [Vanhuysse 2006a], Czech electoral laws were less favourable to incumbents. In the first post-communist government, the ODF party (*Občanská demokratická fronta*) saw its 30% of votes translated into 38% of seats in the Czech National Council. Moreover, Czech governments had to cope simultaneously with the increasing strain on and subsequent breakup of the Czechoslovak federation [Stark and Bruszt 1997: 179–182]. Institutional factors in other cases strengthened the relative power of governments. In Hungary, prime ministers enjoyed strong executive authority, owing in part to the constructive device of the no-confidence vote, which required alternative governments to be formed when incumbent governments fell in parliament. Hungarian electoral laws also strengthened the election winners. The coalition partners in the 1990–1994 Antall government consequently saw their 45% of votes translated into over 60% of the parliamentary seats, while in the 1994–1998 Horn government the prime minister's party alone saw its 36% of votes translated into 54% of seats [Stark and Bruszt 1997: 170]. How did this favourable environment for actor agency play out in the realm of work and workers, or the politics of unemployment and organised labour?

Fear has big eyes: The political consequences of post-communist unemployment

In recent years a number of political analysts have argued that in the post-communist transition, unemployment has disappeared from the map as a politically salient phenomenon. Baxandall [2000; 2003] claims that in post-communist Hungary unemployment virtually disappeared as a political issue, while unemployment rates were simultaneously skyrocketing. In the same vein, Bartlett [1997: 229] concludes that 'far from intensifying political opposition to economic transition, rising unemployment *diminished* it'. Discussing Poland, Ekiert and Kubik [1999: 150–151] argue that unemployment was not politically significant since it was not a major issue in the wave of strikes and demonstrations that year. To explain this alleged political disappearance of unemployment, Baxandall [2000, 2002, 2003] refers to how the social 'meaning' of employment is politically constructed and manipulated by governments through official discourse, policies, and definitions. He suggests that the distinction between employment and unemployment was increasingly 'blurred' in Hungary, both as a result of communist informal work legacies and because of the new emphasis on entrepreneurship, rather than industrial workers, as the 'benchmark' and 'frame' of social and economic success:

Figure 1. Real wages in Hungary, Poland, and the Czech Republic, 1989–1996 (1989=100)



Source: UNICEF [1999: 141, Table 10.8].

'Against the backdrop of political expectations for prosperous self-employment, unemployment became less politically salient' [Baxandall 2003: 264]. Baxandall also argues that lower levels of informal employment and smaller drops in real wages explain why post-communist unemployment was comparatively *more* salient in Poland than it was in Hungary. Yet these countries showed only small differences in the incidence of informal employment and coping strategies, which hardly explains why unemployment was so much more salient in Poland [Rose and Haerpfer 1992]. Moreover, Figure 1 shows that the drops in real wages in Poland were generally higher, not lower, than in Hungary or the Czech Republic between 1989 and 1996. Following Baxandall, this should have made unemployment less, not more, salient in Poland.

Cumulative scholarship in sociology and social psychology and in economics indicates that unemployment generally produces singularly strong reductions along multiple dimensions of well-being.[2] People outside the labour market, and more so the unemployed, systematically report psychological distress scores that

[2] For results in sociology and social psychology, see Kelvin and Jarrett [1985], Argyle [1993], Gallie et al. [2001], and the contributions to Fryer and Ullah [1987], Gallie et

are consistently higher and life satisfaction scores that are consistently lower than those of people who are employed.[3] Clark and Oswald [1994: 655] find that 'joblessness depresses well-being more than any other single characteristic, including important negative ones such as divorce and separation'. In a sample of eleven Western European countries, covering over 58 000 individuals, the life satisfaction scores of unemployed persons are lower, by between 19% and 37%, than those of employed respondents in every single country. On a scale of 1 (not satisfied at all) to 6 (fully satisfied), life satisfaction scores were, respectively, 3.7 and 4.2 for unemployed and employed people.[4] In the post-communist context, moreover, unemployment has been a factor of even greater psychological salience [e.g. Gallie et al. 2001]. As Table 1 shows, by 1996 very large parts of the population in seven post-communist countries still believed that the government was responsible for providing a job for everyone and for providing the unemployed with a decent standard of living. Large parts of the population also believed that more or much more needed to be spent on unemployment benefits. The Czech Republic constituted the sole exception, which can be accounted for by the fact that it had by far the lowest levels of unemployment among the post-communist democracies [Vanhuysse 2006a]. Unemployment programmes received less support than health care or old-age pensions [Lipsmeyer 2003]. But this is commonly observed in the literature on welfare attitudes. It derives from the fact that unemployment benefits go to a much smaller part of the population than the latter programmes and do not affect the middle class.[5] In this light, given that at its peak unemployment affected at most one in five workers, the political support for unemployment as reported in Table 1 is remarkably high, even in the Czech case.

al. [1994] and Gallie and Paugam [2000]. In economics, see Clark and Oswald [1994], Oswald [1997], Winkelmann and Winkelmann [1998], and Di Tella et al. [2001].

[3] For instance, Winkelmann and Winkelmann [1998] show that in yearly panel data between 1984 and 1989, West German working-age men who were employed recorded an average life satisfaction score that was 9% higher than that of persons not in the labour force (e.g. pensioners and housewives) and 31% higher than that of the unemployed. Specifically, average life satisfaction scores in this period were 7.4 for the employed on a scale of zero (lowest satisfaction) to ten (highest satisfaction), compared to 6.8 for individuals out of the labour force and 5.6 for the unemployed (author's computations based on Winkelmann and Winkelmann [1998: 5]). On the differences in psychological distress scores between unemployed and employed people, see Clark and Oswald [1994], Gallie [1994], Oswald [1997], and Gallie et al. [2001].

[4] These are non-weighted cross-country average scores, calculated from Whelan and McGinnity [2000: 292]. The average satisfaction scores per country were simply added up and divided by the number of countries, producing a score that does not control for the size of the countries within the sample. The sample included Belgium, Denmark, France, Germany, Greece, Ireland Italy, the Netherlands, Portugal, Spain, and the UK.

[5] See Sabbagh and Vanhuysse [2006] and the references therein. On welfare attitudes, see furthermore Sabbagh et al. [2007] and Sabbagh and Vanhuysse [2007]. On welfare policies, see Vanhuysse [2001a, 2001b, 2006b] and Iversen [2005].

Table 1. Attitudes towards unemployment in the Czech Republic, Hungary, Poland, Slovenia, Bulgaria, Latvia, and Russia, 1996 (% of respondents)

	CR	Hun	Pol	Slov	Bul	Lat	Rus
Government should 'definitely' or 'probably' be responsible for *a job for everyone*	75	85	86	88	79	87	92
Government should 'definitely' or 'probably' be responsible for *a decent standard of living for the unemployed*	40	60	72	84	86	77	76
Government should spend 'much more' or 'more' on *unemployment benefits*	19	33	41	47	64	57	60

Source: Lipsmeyer [2003: 551–552, Tables 1–2].

Unemployment can also strongly affect *political attitudes*. From an analysis of 99 democratic regimes and 123 dictatorships in 135 countries between 1950 and 1990, Cheibub and Przeworski [1999: 227] found that the survival of heads of government is statistically independent of a number of economic variables such as (change in) inflation and (growth of) per capita income and per capita consumption. The only economic variable that influences the survival of incumbent politicians is a proxy for employment.[6] Again, these political effects of unemployment have demonstrably been salient in the post-communist context. As Fidrmuc's [2000a, 2000b] analyses of elections in seven post-communist countries indicate, the rate of unemployment has been strongly negatively correlated with the share of votes received by incumbent parties. Unemployment was a strongly significant determinant of electoral outcomes also in a study of parliamentary and presidential elections across different Polish regions in the early 1990s [Bell 1997]. Across eight parliamentary elections in four Central European democracies, unemployment was found to have a strong negative effect on the share of votes received by pro-reform parties. Groups strongly hit by post-communist labour market restructuring have all tended to vote against pro-reform parties [Fidrmuc 2000a, 2000b]. Most prominent among these anti-reform voters were the unemployed, blue-collar workers, agricultural workers, and retirees, which included the hundreds of thousands of what can be termed 'abnormal pensioners' [Vanhuysse 2006b] – people receiving early and disability pensions.

[6] Along similar lines, analysing data on close to 300 000 citizens in the US and in 12 West European countries, Di Tella et al. [2001: 340] find that citizens would be willing to trade off an estimated 1 percentage-point increase in the unemployment rate for an estimated 1.7 percentage-point increase in the inflation rate.

The strong political salience of unemployment was also evident in five prominent case studies of deep economic reforms during the early 1990s in Latin America and Eastern Europe [Stokes 2001a]. Declining real wages and soaring inflation led voters in four of these cases to make inter-temporal trade-offs and to uphold or increase support for reforming governments. But when unemployment went up, voters in all five cases unambiguously turned against the very same reforming governments.[7] Reflecting on this evidence, Stokes [2001b: 26] concludes that 'apparently, unemployment is such a catastrophic event that when people think the probability of losing their job is high, they interpret this unambiguously as bad news and hold the government responsible'. For instance, during Balcerowicz's radical shock-therapy reforms introduced in January 1990, most Polish voters were aware that unemployment could indicate that the reforms were working; yet they were not in the least willing to tolerate it even temporarily. In February 1990, only 0.8% of the Polish labour force was registered as unemployed. But two-thirds of respondents thought they were in great or very great danger of losing their job [Przeworski 1993: 166]. The proportion of Poles who found the very notion of unemployment 'despicable' rose to more than three out of four, while there was a sharp decline in those who deemed unemployment 'necessary'. Among those threatened with unemployment, 65% responded that they were willing to strike in order to defend their jobs, when surveyed both in April and in November 1990 [Przeworski 1993: 181]. The relationship was straightforward. Those who feared losing their job exhibited lower support for the Balcerowicz reforms. In Przeworski's apt words, 'fear had big eyes'. The severe drop in the purchasing power of their wages notwithstanding, job loss was simply a price that Polish workers were not willing to pay. In sum, the evidence does not support the assertion that unemployment was an unimportant or little salient political issue in post-communist societies. This leads us to turn to a natural alternative explanation: the role of organised labour in responding to the threat of unemployment and in winning economic concessions and otherwise influencing government policy in Central and Eastern Europe since 1989.

The erosion (or non-emergence) of labour power in post-communist Europe: causes and consequences

Judging by a number of contextual variables that have historically been correlated with a resurgence of labour, the danger of large-scale industrial action in response to labour anger appeared to be significant in Central and Eastern Eu-

[7] These cases included Peru, Mexico, Argentina, East Germany and Poland. See also Przeworski [1993, 2001], Vanhuysse [2003] for a review, and Bell [1997] and Fidrmuc [2000a, 2000b] for further evidence. Like Stokes, Przeworski [1993: 165] concludes unambiguously that 'Fear of unemployment overwhelms the effects of all other economic variables combined, and it makes people turn against the reform program'.

rope shortly after 1989. Communist legacies included high union density levels, sizeable farmer populations, and many non-competitive firms and farms. The economic losers, such as workers and farmers, who had been accustomed to significant social protection, were both highly aggrieved and highly able to translate their grievances into collective action. Union density rates in Central and Eastern Europe were much higher than in even the most unionised developing countries and were higher than in many advanced Western democracies, including those in continental Western Europe [ILO 1997: 237–238]. The share of industrial employment in late communism was also significantly higher than in Western democracies. Industrial plants also tended to be much larger in size. In command economies, it was easier to plan output for a few big firms than for many small firms [Roland 2000: 6]. This provided important economies of scale in mobilising workers for collective action.

Unions under communism were not independent of the Party, and the uncommonly high union density rates partly reflected the preferential access of union members to social benefits. The accelerated integration of Central and Eastern European economies into more service-based economies implied cutbacks in heavy industry, a traditional union stalwart. Economic reforms such as the privatisation of state-owned enterprises and the liberalisation of many domestic economic activities and foreign investment further reduced union density levels. Most new jobs were created in non-unionised firms, mainly in services, and in small, medium-sized, or foreign-owned enterprises [Kubicek 2004]. Therefore, in the years immediately after 1989, unions could almost naturally have expected to lose some degree of formal organisational strength, as measured by indicators such as density and coverage rates. However, the early transition also provided new and previously unseen opportunities to develop more assertive political agency. Entrepreneurial actors well adapted to the new competitive environment were able to rise quickly to prominence, with a speed uncommon in more established democracies, and so they did, guided by a strong monetarist and neo-liberal ideology, which served as a binding factor, uniting technocratic elites and dissident intellectuals in post-communist CEE [Eyal et al. 1998; King 2002]. Former dissidents formed political parties and obtained majorities in the first national parliaments and governments. Ex-communist parties, which obviously faced even stronger credibility problems than post-communist unions, re-manned their leadership positions, re-packaged their political messages, and were voted back into government – as early as in 1993 in Poland, in 1994 in Hungary, and in 1998 in the Czech Republic. Sociological research on elites indicates that upward mobility was uncommonly high for entrepreneurial agents with valuable human or cultural capital [e.g. *Theory and Society* 1995]. For instance, by 1995, 45% of these positions were occupied by Hungarians who had earlier held executive posts in state-owned firms and institutions before 1990; the phenomenon was dubbed the 'revolution of the deputy department heads' [Kolosi and Sági 1999: 45]. As Eyal et al. conclude [1998: 9], the post-communist governing elites are comprised of

'technocrats and managers – many of whom held senior positions in communist institutions – and former dissident intellectuals who contributed to the fall of communist regimes at the end of the 1980s'.

In this environment, ambitious political entrepreneurs had abundant opportunities to re-brand themselves and their unions by fighting combatively for the jobs, rights, and wages of workers hurt by economic reforms. Yet such proactive agency emphatically *did not* materialise in the case of organised labour. Numerous case studies have shown that post-communist unions, across a wide variety of political-institutional settings, have comprehensively failed to defend the jobs, wages, working conditions, and other economic interests of their rank and file [Crowley and Ost 2001; Crowley 2004; Kubicek 1999, 2004; Korkut 2005]. Having entered the 1990s with a fighting chance in principle, Eastern European unions never converged at continental or northern European levels of influence. One indicator is provided by the level at which wage bargaining took place. In Central Europe, high-level agreements conducted at the national or industrial level have strongly declined. By 1996, 65% of local union branches in Hungary stated that wages were negotiated at the level of individual firms, compared to 72% in the Czech Republic and 97% in Poland.[8] The predicted erosion of nominal indicators of union power also overshot the mark. The initial post-communist union legacies of high union density and coverage had been dramatically eroded by as early as 1995. Hungarian union membership as a percentage of the non-agricultural labour force decreased by 22 percentage points from 1985 levels to reach 52%. Polish union density fell by 20 points within six years to reach 27%, and Czech union density fell by 41 points in just five years to reach 36%. The proportion of post-communist employees actually covered by collectively bargained agreements was significantly lower than in countries like France, Germany, Sweden, and Norway [ILO 1997: 237–238, 240, 248; see also Vanhuysse 2006b: 122].

The Czech Republic provides a particularly telling case in point, as it initially boasted a seemingly pro-union corporatist framework, which included the relative independence of unions from government parties, a relatively consolidated union movement with high density rates, and a tripartite Council with extensive powers set up early in the transition [Orenstein 2001]. Before being submitted to parliament, all social policy proposals had to be discussed in this Council, where employers and trade unions were represented as strongly as the government. This more independent and labour-inclusive start may help to explain the much lower unemployment rates than elsewhere in post-communist Central Europe [Vanhuysse 2006a]. This in turn may help to explain why Czech extremist

[8] ILO [1997: 148–149]. In Hungary, the number of registered sector-level agreements went down from 24 in 1992 to 7 in 1995, whereas that of registered enterprise-level agreements went up from 391 to 816. In Poland, only ten collective agreements were concluded above enterprise level from the start of transition up to September 1996, compared to over 6000 at the firm level, more than a third of which were registered in the preceding two years [Vanhuysse 2004a: 430].

right-wing parties were comparatively much less successful than in Poland (see below) or in neighbouring Slovakia, where higher unemployment contributed to the mobilisation of workers along illiberal lines [Stein 2001]. Yet in the medium term Czech unions just as much failed to stake out a combative, independent strategy. They gradually conceded political influence after Václav Klaus took over the premiership from Marián Čalfa in June 1992. For example, the legal practice of extending sector agreements to include non-signatory enterprises, approved by parliament in December 1990, was abandoned after 1995. At the same time, new statutes severely downgraded the role of the Council, and the government began unilaterally setting the pay scales for most public sector jobs [Orenstein 2001; Vanhuysse 2004a: 430]. When the union leadership did mobilise, it was to flex its muscle through national rallies in Prague, but it never got involved in building up local union organisation at workplaces [Pollert 2001: 20]. In sum, Czech union weakness can partly be explained 'by a common phenomenon – *that of its policing by its leadership*' [Pollert 2001: 22–23, emphasis added].

In just fifteen years, labour unions in Central and Eastern Europe have evolved from being large and sometimes very powerful organisations, often instrumental in the overthrow of the communist regimes, to being much smaller numerically, and much weaker politically, unable to go against government policies that often do not even pretend to serve their interests [Kubicek 2004: 206]. This general failure on the part of union leaderships to promote workers' interests is among the most striking stories of the Central and Eastern European transformations [Pop and Vanhuysse 2004]. The comprehensive erosion of labour power is all the more remarkable since it came at a time when organised labour in many advanced democracies had established new ways of engaging in mutually beneficial forms of cooperation with employers [Wood 2001]. In many advanced welfare production regimes, organised labour has played a key role in social pacts aimed at preserving national competitiveness [Hassel 2006] and it has coalesced with firms to ensure the social protection of valuable asset-specific skills [Iversen 2005; Vanhuysse 2007a]. Reviewing the power of organised labour across twelve advanced democracies, Golden et al. [1999: 223] conclude that even after the oil shocks of the 1970s, and despite neo-liberal ideological hegemony, 'industrial relations institutions and trade unions have by and large proved quite resilient in the face of considerable domestic and international economic pressures in the past two decades'.

It is helpful here to point to the distinction made in the 'varieties of capitalism' literature between two different equilibrium-like models of capitalism characterised by co-evolving institutional complementarities: 'coordinated market economies' (CMEs) in continental and northern Europe, and 'liberal market economies' (LMEs) in the Anglo-Saxon world. Whereas union fortunes did decline markedly in the LMEs, unions successfully defended their bastions in the CMEs. Compared to density rates in 1970, countries such as West Germany, Italy, and Norway had retained similar levels of union density two decades later when

the Berlin Wall came down in 1989. Countries such as Denmark (74% vs. 60%), Finland (72% vs. 52%), and Sweden (83% vs. 66%) actually boasted significantly *higher* density rates in 1989 than in 1970. Unions were able to maintain uniformly high coverage rates, as the proportion of employees covered by collectively bargained contracts by 1990 was more than 75% in all these CMEs.[9] In the subset of CMEs called Ghent systems, where unions actively administer unemployment insurance (as is the case in Belgium, Denmark, Sweden, and Finland), union density levels even accelerated their steady increase after 1990 [Scruggs and Lange 2001: 158]. This evidence suffices to dismiss blanket arguments stating that organised labour has universally lost its clout in contemporary market democracies, as if this were a 'natural' result of political economy developments in global capitalism in recent decades. By the same token, this evidence also serves to highlight the fact that labour power *has* been distinctly weak in Central and Eastern Europe, with significant consequences for the emerging models of capitalism in this region.

Weak labour as both cause and consequence of the emerging varieties of Eastern European capitalism

Not surprisingly, the spectacular erosion of union power in post-communist democracies has had profound consequences for the larger type of political economy that has been emerging in Central and Eastern Europe. King [2002; 2007] distinguishes between two principal types of post-communist capitalism: a backward patrimonial type relying on raw materials exports – as in the post-Soviet CIS – and a more economically progressive liberal type relying on capital imports and manufactured exports – as in CEE. King [2007] spells out two important defining characteristics of CEE capitalism: an almost complete lack of working-class mobilisation combined with outdated technologies and a heavy reliance on foreign capital. Insightful recent applications of the 'varieties of capitalism' framework to post-communist Europe argue that by the early 2000s, three distinct models of capitalism had emerged *within* CEE (see Feldmann [2007] and especially Bohle and Greskovits [2006, 2007, Tables 1–3]). Slovenia occupies an exceptional place within this region, as it is the only case characterised by a neo-corporatist (or CME) type of political economy. As in Western European CMEs, this includes a strong institutional position for organised labour. Between 91% and 100% of

[9] Golden et al. [1999: 200, 204]. The most important volumes within the influential and substantial Varieties of Capitalism tradition are Kitschelt et al. [1999b], Hall and Soskice [2001], and Iversen [2005]; for reviews, see Pop and Vanhuysse [2004] and Vanhuysse [2007a]. Distinguishing between CMEs and LMEs allows one also to unpack the seemingly intriguing finding that union density levels were generally *positively* correlated with unemployment levels for most of the period between 1964 and 1991 across all advanced market democracies. At closer inspection, unemployment turns out to be negatively correlated with union density in LMEs, but positively in CMEs [Scruggs and Lange 2001: 162, 156].

all employees were covered under collective bargaining agreements in Slovenia by the early 2000s, as compared to 14–23% in the Baltic states and 34–43% in the Visegrad democracies. Slovenia combines high spending on social protection (25% of GDP), financed by intermediary levels of budget deficits (2.6% of GDP), with high levels of complex exports (49% of total exports) [Bohle and Greskovits 2007]. In addition, Slovenia boasts the highest union density rates in CEE, and it is the only post-communist economy with legally binding bipartite agreements at the central or the national level, and the majority of Slovenian firms have works councils at the firm level [Feldmann 2007: 332–333].

Bohle and Greskovits [2006, 2007] view the Baltic states as a straight neo-liberal (or LME) model combining thoroughly deregulated labour market institutions with a minimal welfare state (average spending on social protection at 14% of GDP) and a strong emphasis on macro-economic stability (average budget deficits at 0.6% of GDP). Firm export strategies are based on cheap, low-skilled labour. Complex exports of high value-added goods and services account for only 28% of total exports. Like Vanhuysse [2006a, 2006b], Bohle and Greskovits [2007] view Hungary, Poland and the Czech and Slovak Republics as an *embedded* neo-liberal model based on generous, but essentially ad hoc and politically targeted, welfare benefits providing some safety nets (with average social spending at 20% of GDP), at the cost of systemic macro-fiscal troubles (average budget deficits of 5.7% of GDP). Firm strategies are to a larger degree based on better-skilled labour, with complex exports accounting for 54% of total exports. But crucially, in both the straight and the embedded neo-liberal variety of post-communist capitalism, weak unions have led to an institutional and policy framework for labour that is much more liberal than in any of the Western European CMEs.

So how to explain this remarkable, near-universal erosion of labour power in CEE? Referring to the legacies of late communism, Baxandall [2000, 2003: 268] argues that the presumption of self-employment undermined the power of post-communist unions or their militancy against fast-rising unemployment: 'Hungarian unions in the 1990s would have been more militant against unemployment *if they had seen themselves* as protecting traditional good jobs rather than engaged in backdoor deals to secure entrepreneurship and sub-contracting ventures.' But if the brunt of the explanation of post-communist unemployment politics can be found in communist-era policies, how 'systemic' really was the change of systems? Kubicek [2004] in turn explains the post-communist labour decline by pointing to causal factors such as the impact of foreign direct investment and international financial institutions, and structural economic changes such as privatisation, the move towards smaller-sized enterprises, and the shift to the service economy. But post-communist societies, newly corporatist Slovenia included, have these in common with Western societies, albeit in an accelerated form. What is arguably the dominant strand of explanations explains post-communist labour weakness mainly with reference to communist legacies (e.g. Crowley [2004] and the contributions to Crowley and Ost [2001]). Post-communist unions, these authors

argue, were endowed with low levels of trust, legitimacy, and worker agency. Combined with an identity crisis in the new liberalising environment, this led to a further decline in the social and cultural standing of unions and drained them of all dynamism. Referring to pre-war labour traditions, Pollert [2001: 22] argues that Czech union action since 1990 has been 'defensive, moderate, and often symbolic. Token strikes and "warnings" were often as far as opposition went ... When it came to industrial action, the traditions prioritizing respectability over militancy prevailed'. More generally, Ost and Crowley [2001: 221] assert that even in the face of massive ongoing membership loss, rather than fighting for members, post-communist unions across the region 'take membership as an institutional legacy of the past, and they take it for granted. Eastern Europe's union activists remain somewhat embarrassed about recruiting as it reminds them of Communist Party pressure from the past'. Essentially, these explanations elucidate labour passivity in the present largely by referring to labour passivity in the past. Yet the fact remains that other social actors, such as political parties and former 'deputy department heads' successfully overcame adverse legacies to assume new elite positions.

The upshot of my argument so far has been that references to union weakness, ideological framing, or past legacies cannot fully account for the dramatic erosion of union power in post-communist democracies. By this reading, macrostructural variables play a role in determining to what extent the environment could be conducive to labour power or its absence. But the theoretical baseline of explanations must nonetheless reside in an account based on purposive actions. For example, Golden [1997] and Laitin [1998] provide such actor-centred accounts from the perspective of, respectively, striking workers and ethnic minorities. Especially in times of economic deprivation, hard material incentives provide more plausible *basic* explanations than the ways in which suffering workers (or their supposed representatives) perceive themselves or frame their suffering. After all, workers' real wages did drop dramatically in the transition (see Figure 1), and the many families that experienced job losses were faced with yet harsher deprivations. Even in more prosperous Western democracies, unemployment is highly correlated with deprivation of a wide range of lifestyle items [Whelan and McGinnity 2000: 295].

Sociological studies show that consistently fewer unemployed than employed citizens reported being able to rely on someone from outside their household when they needed money for an urgent bill, when they were depressed, and when they were looking for a job. The unemployed also more frequently reported having persistent financial worries. For instance, in the Czech Republic, Slovakia, and Bulgaria, 21%, 27%, and 33%, respectively, of those unemployed for less than half a year reported worrying almost all the time about money. This material deprivation went up as unemployment spells grew longer. Respectively, 29%, 42%, and 57% of people unemployed for more than three years worried constantly about money [Gallie et al. 2001: 44]. Upon closer analysis, the data in Table 1 on

citizen attitudes revealed that citizens in the lowest two income quintiles, who were most at risk, showed by far the highest support for unemployment protection, whereas the middle classes showed the lowest support [Lipsmeyer 2003: 558]. Similar patterns have been found in advanced democracies. Recent evidence from the United States [Iversen 2005: 104] and OECD countries [Fraile and Ferrer 2005: 470] shows that support for unemployment protection is positively correlated with unemployment status and negatively with income level. Hibbs [1982a: 262] finds that much larger proportions of manual workers, pensioners, and widows regard unemployment as 'a particularly important or the most serious problem' than supervisory and lower non-manual workers or managerial and professional workers. Support for the ruling party in the United Kingdom [Hibbs 1982a] and for the President in the United States [Hibbs 1982b] was much more sensitive to changes in the unemployment rate among more unemployment-vulnerable, lower-status occupations than among higher status workers.

In other words, in post-communist countries, at least as much as elsewhere, material hardship caused economic grievances and shaped political attitudes, especially among those workers who were most at risk. The political quiescence of post-communist workers, despite the high salience of unemployment, thus remains a puzzle in need of explanation. This points to the need for more agency-based accounts of the role of unemployment – and the political power of workers and their unions – in the emerging post-communist varieties of capitalism.

Agent-based theories of unemployment politics and labour decline

The hallmark of effective political leaders has often been the very fact that they could turn adverse circumstances into political – and personal – successes. During his fourteen years as prime minister (1982–1996), Gonzalez presided over an average unemployment rate in Spain, which (at 20%) was more than double the Western European average. Yet the share of unemployed people that voted for his Socialist Party, while declining over time, was continually higher than their support for any other party. Even in the electoral defeat of March 1996, 38% of unemployed people still voted for the Socialist Party, compared to the 30% for the victorious Partido Popular. This was in large part due to Gonzalez's continued emphasis on social policies as a top priority [Maravall and Fraile 2001: 310; Maravall 1993, 1999]. Similarly, having won the 1979 elections in the United Kingdom and embarked upon a restrictive monetarist programme, Margaret Thatcher presided over massive increases in unemployment, from 1.07 million in May 1979 to over 3 million in 1982, and still at 2 million in March 1989. Yet Thatcher regained power in two subsequent general elections before resigning in 1991. This was in part because the unemployment boom disproportionately affected the north and northwest of England and the Midlands. These regions had the highest concentration of the manufacturing industry and, crucially, they were safe Labour Party seats anyway [King and Wood 1999: 382–383; Wood 2001].

Two recent theories of job loss and labour decline in post-communist Europe have similarly emphasised elite agency in dealing with the politics of job loss. Both theories suggest that, far from disappearing as a political issue, unemployment, real wage declines and other transitional costs have led to deep reservoirs of anger and grief among Eastern European workers. However, elite strategies have rendered workers unable to *mobilise* effectively for concerted collective action against these costs. The result has been political quiescence, despite the conditions for conflict. In Ost [2005], the key question is how political-party and trades-union leaders shape and promote social cleavages, consciously choosing to promote some cleavages rather than others, in an attempt to deal with worker anger. In Vanhuysse [2006b], the core question asked is how key government policy-makers deliberately devised policy strategies to preventively reduce and channel the expression of worker anger. Both theories argue that post-communist political elites strategically channelled workers' grievances in a direction favourable to fast market reform progress, but which carried significant consequences regarding the nature of democracy evolving in post-communist polities.

Ost [2005] suggests that the liberal elites at the head of the Solidarity movement in Poland prevented labour grievances from finding redress along class lines, as a result of which these grievances found an outlet along illiberal lines. Ost argues that in post-communist Poland these elites have attempted to salvage liberalism in the economy at the expense of liberalism in the polity. Convinced that market liberalisation required a weak (and suffering) blue-collar labour force, Solidarity leaders responded to the anger of economic losers by neglecting this anger along *class* lines and by channelling it along *identity* lines, through right-wing nationalist and Christian-Catholic appeals against abortion and atheism and through lustration campaigns against crypto-communists. As Ost [2001: 82] puts it, the real puzzle to be solved is that, instead of building a strong union, Solidarity set out to build a weak movement that would rubberstamp Solidarity governments in pursuit of painful reforms. Both as a political movement and as a union, both when in government and when in the opposition, Solidarity's elites dismissed rather than incorporated labour's economic demands. Instead they developed a political discourse of blaming ex-communists, foreigners, and atheists. This discourse was more credibly adopted by extremist parties, like the League of Polish Families (*Ligi polskich rodzin*) and Self-Defence (*Samoobrona*), and right-wing conservative parties, like Law and Justice (*Prawo i sprawiedliwość*). By picking up easy-to-grab votes from aggrieved workers, all these parties have achieved electoral triumphs in recent years. Law and Justice's leaders, the Kaczynski twins, are today President and Prime Minister of Poland [Vanhuysse 2007b].

Importantly, Ost's narrative can be extended far beyond Polish borders. Worker anger was incorporated along rightwing ethnic or nationalist lines also in Slovakia under Vladimír Mečiar in the 1990s and again in more recent years [Stein 2001], in Croatia and Serbia [Arandarenko 2001] and in the Baltic states [Laitin 1998]. For instance, Latvia and Estonia introduced extremely restrictive

citizenship laws in the early 1990s. These laws excluded the substantive minority of Russians who had arrived under the Soviet era – almost one-third of the population of these countries – from automatic citizenship and made it very difficult for them to acquire citizenship. These policies effectively deprived a substantial constituency, which was very likely to oppose both political and economic independence from Russia, of a democratic voice [Bohle and Greskovits 2007]. Mirroring Thatcher's politically convenient *regional* targeting of economic reform costs in Britain, Baltic economic reforms were targeted along *ethnic* lines. The reorientation of trade away from Russia and towards the West especially hurt the Russian-speaking minority, which was predominantly employed in those industries that had been built up under the Soviet empire [Bohle and Greskovits 2007].

Yet while Ost's factual account is compelling, his causal story is strongly based on ideological conviction (or confusion), rather than material interests [Vanhuysse 2007b]. Indeed, Ost attributes the dramatic decline of Solidarity, once Europe's most powerful symbol of organised labour, to genuinely felt false beliefs on the part of both the members and the leaders of this movement. In *Divide and Pacify* I present an alternative account, which may complement rather than contradict Ost's ideational account of union and party strategies by means of a larger emphasis on material incentives as provided by *government* strategies, I suggest that while ideas and ideology matter, they can be circumscribed by the changed material opportunities open to individual leaders and members of unions during transition. Like Ost, *Divide and Pacify* hammers home the point that protest participation ought not to be equated automatically with actual resistance. My analysis of Hungarian police data indicates that a number of high-profile protests were essentially peaceful demonstrations of a highly symbolical nature, or with an international orientation.

Divide and Pacify focuses more heavily on political *action* capacities than on meanings, framing, and attitudes, as in Baxandall [2000, 2002, 2003]. I point out [2006b: 37] that distributional gains can be allocated to highly aggrieved groups even though they do not seem to protest, for instance in the form of pre-emptive damage-control strategies. Such strategies are especially important given that unemployment is only a subset of wider labour-market insecurity in terms of the social-psychological distress and anxiety it produces [Burchell 1994; Gallie et al. 1994]. It is precisely among at-risk *workers*, before they become unemployed, that the political threat generated by unemployment is likely to be strongest. Theoretical accounts that take events at face value, without recognising potential elements of strategy, are therefore in danger of missing out on crucial parts of the causal story at hand. Against the view that unemployment can be deemed non-salient because it does not spark protests, *Divide and Pacify* notes that political action can be taken to prevent or pre-empt collective protests by highly aggrieved social groups – before they mobilise. I show how the first democratic governments in Central Europe successfully employed strategic social and labour market policies

to prevent highly aggrieved workers threatened by job loss from mobilising for large-scale protests [Vanhuysse 2006b].

In the Czech Republic, these policies took the form of proactive job loss prevention and labour market training. At around 3%, right up until 1996, Czech unemployment was conspicuously below that in any other post-communist democracy. Large-scale unemployment was prevented by high levels of active labour market spending combined with a slow hardening of firm budget constraints and ineffective bankruptcy and macro-financial regulation. This strategy eventually imploded when the outbreak of severe macro-financial crises in 1997–1998 led unemployment rates to soar up. Governments in Poland and Hungary in turn did not prevent large-scale unemployment but dealt with its likely consequences by inducing early and disability retirement for literally hundreds of thousands of working-age Poles and Hungarians. Faced with the risk of protests by workers threatened or struck with job loss, governments split up the high-risk categories into groups with different work-welfare status and lower collective action capacities [see also Vanhuysse 2004b, 2006a, 2006c].

In this account, the distributional conflicts over scarce state resources between groups that had originally shared similar interests and experiences reduced strikes and protest levels but increased general political discontent. Note that the primary explanation here is material and not ideational. Ann Swidler [1986: 282] suggested that 'in unsettled lives, values are unlikely to be good predictors of action, or indeed of future values'. Beyond this, the variance in strength and the persistence of ideas and values can be explained by material incentives [North 1981; Popkin 1979]. Building on Hirschman [1970] and Greskovits [1998], Vanhuysse [2006b, 2006c] uses the mechanisms of 'informal exit', or, more precisely, 'silent non-exit', to explain the political quiescence of post-communist democracies despite high levels of grievances.

In Hungary and Poland, suffering workers had stronger incentives to make ends meet by combining (sometimes comparatively generous) welfare benefits – often paid conditionally upon their leaving the labour market and/or unions – with various forms of 'informal exit' in the grey economy, and the incentives to organise themselves around an uncertain 'collective voice' were weaker. In Romania, even in notoriously strike-prone mining districts, such as the Jiu Valley, the government succeeded, understandably against the wishes of the unions, in transferring 50% more workers than originally anticipated out of the labour market [Kideckel 2001: 107–108]. This was achieved through individualised material incentives in the form of seniority-based severance packages. For governments, inducing job loss or labour market exit had the effect of directly reducing the political clout of organised labour, while simultaneously creating distributional conflict between formerly homogenous workers. A Romanian law from 1991 specified that only active workers could be union members. Workers who lost their jobs thus immediately lost all union rights and assistance. Many of these workers went straight into an informal exit. This has resulted in a 'fantastic expan-

sion of the labour black market ... [which] especially negates labour's agenda. ... Black-market work is even spurred by union members, that is, formally employed workers seeking additional income'.[10]

Informal exits were combined with *wage-arrears-cum-employment*, rather than outright unemployment and labour market exits, to silence angry workers in countries like Russia [Gimpelson 2001] Serbia, and Ukraine [Arandarenko 2001]. In Russia, as in the Czech Republic, large-scale open unemployment was long avoided. Until the mid-1990s, Russian unemployment levels remained unexpectedly low, despite a 'great contraction' of industrial output (which by 1994–1997 had slumped to one-half of 1991 levels). This was in large part due to systematically late wage payments – a strategy that, like the Czech one, was eventually shattered by a macro-financial crisis in 1998. Russians were as frightened of job loss as workers in any other post-communist country. Precisely for this reason, the more they perceived themselves to be at risk, the more willing they were to accept – or, rather, to become trapped in – jobs that did not pay them on time but still involved late payment and non-financial perks – a better alternative than outright unemployment. The share of Russians affected by wage arrears went up from 38% in March 1993 to 63% in May 1996. But despite the numbers of workers affected and the real wage erosion brought about by high inflation, unions were too weak to flex their muscles.[11] Like elsewhere in CEE [Vanhuysse 2004a], Russian strike levels remained even lower than in stable, advanced democracies.

In the same vein, the sociological literature cited above provides plentiful evidence of upward mobility at the high end of the opportunities market – on the part of cultural, economic, and political elites. Union elites also had stronger incentives to advance their careers and individual interests by leaving unionism and/or exploiting workers. Indeed, a cynical common thread running through case studies of labour decline, such as Crowley and Ost [2001], Kubicek [2004] and Ost [2005], is the description of union leaders mobilising their members mainly if and when it promoted their *own* political interests. Union elites have often used their positions as jumping boards to political leadership, with generally meagre payoffs for the movements they had left behind. Beyond the self-interest of the individual elites involved, alliances with political parties were thus often a one-way street. Their effect was to strengthen parties and to weaken unions and civil society. However, although such alliances were not present in the Czech Republic, union decline was equally pronounced. In sum, political elites were

[10] See Kideckel [2001: 108–109]. In a variation on the 'divide and pacify' theme, Pollert [2001: 26] argues that the collective solidarity of Czech workers was successfully eroded by corporate tactics aimed at individualising job rewards, which created confusion and division among workers.

[11] Gimpelson [2001: 29–30, 40]. Yet, despite relatively low levels of unemployment, fear had big eyes here as well: the share of Russians answering that 'there are unemployed among my relatives and friends' went from 41 to 70% between April 1993 and January 1996 [Gimpelson 2001: 43].

very much in the driving seat throughout the 1990s. As Korkut [2005: 170] put it: these elites either attempted to exclude organised labour and other interest groups from policy influence, or to simply co-opt the best members among these interest groups into politics.

Conclusions: situating the post-communist labour decline in a comparative-historical perspective

However poignant and seemingly particular, the post-communist tales told in this essay need to be situated in a wider context of the political economy of labour in contemporary capitalism. After all, the 'resurgence of labour quiescence' has been equally marked in a number of advanced democracies [Shalev 1992a]. At least in Western Europe, comparative studies of labour movements indicate that even when there are nominal signs of strength, many union movements are nevertheless too complacent, or simply too weakened by past liberalising battles, to be able to reinvent themselves as effective autonomous forces [Martin and Ross 1999]. At the most general level, the dramatic across-the-board decline of post-communist unions and the ideological crises with which they have grappled also underscore deeper issues regarding the structural subordination of wage-earners and the material bases of consent in democratic capitalism [Przeworski 1985; Przeworksi and Wallerstein 1988]. The fast and pervasive changes brought about by the *systemic* transformation from communist worker states to liberal or embedded liberal political economies (Slovenia excepted) has rendered labour's crises more acute in the post-communist case. But the story described here has a more universal ring to it. Even more balanced historical accounts tracing the historical evolution of labour worldwide nowadays end on a distinctly pessimistic note. Beverly Silver [2003] argues that there has been no universal erosion of labour power since 1870, as industrial relocations have generally eroded labour in the old locations but enhanced it in developing economies. Over the long haul, the main story of unionism may therefore be one of a shift in the vanguard role away from the old Fordist industries and towards newly emerging occupational groups and industrial locations. Yet Silver [2003: 172] concludes that, in the globalised service-sector capitalism of the 21st century, the bargaining power of many low-wage workers is 'closer to that of workers in the nineteenth-century textile industry than that of workers in the twentieth-century automobile industry'.

Of course, political history is also rife with dramatic examples of union elites abusing their positions to pursue personal advantage. Michael Shalev [1992b] argues that Israeli labour party leaders have historically tended to favour their own institutional interests over the needs of workers. Shalev suggests that labour elites systematically pursued policies that weakened labour's support base, including the orchestration of recessionary policies in the mid-1960s. This strategy temporarily bolstered the waning control of the Histadrut union over labour, but it made the union lose legitimacy in the long run. This in turn led to the first-ever loss of

the Labour Party's hegemonic position in government in the 1977 elections. Mirroring the story of organised labour in Poland and other post-communist cases, Miriam Golden's [1997] study of labour in Italy, Britain, the United States, and Japan indicates that the most dramatic post-war strikes (officially) against large-scale job loss were never primarily intended to protect the unions' rank-and-file, but rather to safeguard the union organisation and its most senior members.

Consider again our original example of strong leadership – Thatcher in a liberalising Britain. Thatcher's consecutive Tory governments comprehensively eroded union power by means of three Industrial Acts between 1980 and 1984 that cut union rights and made unions liable in the event of industrial actions that were not authorised by a stipulated procedure. Closed shops were weakened and secondary picketing was made illegal. Union leaders needed to conduct postal ballots with their members before embarking on strikes, and under specified circumstances employers could sue unions for the losses they incurred [King and Wood 1999: 387; Crouch 1982: 99]. As a result, membership in the Trade Union Congress fell from over 12 million in 1979 to under 7 million in 1995 [Wood 2001: 395], as the UK underwent the single largest union density decrease in the entire OECD (from 49% in 1980 to 38% in 1988). At 48% in 1990, union coverage in the UK similarly represented a low-level outlier in a Europe where 'four out of five workers receive wages that reflect the outcome of a process of collective bargaining' [Golden et al. 1999: 204, 200]. Industrial conflicts, which in preceding decades were on the rise (and were instrumental in getting Thatcher elected after the 1979 'winter of discontent'), subsided at a time when poverty rates and income inequalities increased and employment in manufacturing fell drastically. Nevertheless, organised labour had less clout: close to 33 million working days were lost in strikes between 1981 and 1988, compared to 41 million days in 1979–1980 alone [King and Wood 1999: 387].

In the same vein, strategic public policies by government elites aiming to reduce or channel labour anger had also employed earlier, during a previous wave of European transitions to democracy [Vanhuysse 2006b: 50]. Like the Czech strategies after 1989, governments in newly democratic Portugal after the Revolution of the Carnations in 1974 successfully delayed privatisations in order to shelter large segments of highly unionised and traditionally militant workers in the state-owned enterprises from redundancies. Privatisation laws were amended only in 1988, by which time new investments and subsidies were flowing in after Portugal's new European membership. But by then the power of Portuguese unions, which had been strongly in the ascendancy in the revolutionary period, had been eroded due to the same structural and macro-economic factors discussed above in the post-communist case. Severe job losses were avoided and strike behaviour was muted. For instance, strike frequency during the first seven years of Portuguese democracy was much lower than it was after 1980 [Stoleroff 2001: 180; Torres 1994]. But by then, Portuguese democracy had taken firmer hold.

As we have seen, the erosion of organised labour and the silencing of the economic demands of workers at the hands of liberal elites, while not unique

to post-communist Eastern Europe, nonetheless had far-reaching consequences both for the nature of democracy and for the particular models of capitalism that have been emerging in this region. Theories based on elite agency can help to explain labour quiescence and union passivity without resorting to Machiavellian win-win solutions or relying on implausibly powerful framing effects. The social costs of transition were politically salient. Where unemployment increased early on, it led to declining electoral support for incumbents and widespread anti-incumbency voting: compare, for example, Hungary and Poland with the Czech Republic throughout the 1990s [Vanhuysse 2006b]. But where dramatic unemployment increases were prevented through large-scale wage arrears, as in Russia, *the latter* had a strongly negative connection to electoral support for incumbents [Gimpelson 2001]. To conclude, elite strategies during the unsettled times of early transition may have been temporarily successful in silencing suffering workers (at least until election time), but they also led to electoral defeats for politically liberal forces. A corollary of this has been the upsurge in illiberal politics, which many post-communist democracies are still strongly confronted with at present. Now that these unsettled times are over in most of Central and Eastern Europe, the politics-as-usual template of today and tomorrow in this region may nevertheless follow a logic very different from the one observed after earlier transitions to democracy.

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'It's the Economy, Stupid' Popular Support for EU Accession in the Czech Republic*

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Abstract: In this article, a comparison is made between economic and identity explanations of preferences toward EU membership in the Czech Republic. This research demonstrates that economics rather than identity is a more powerful explanation of public opinion on accession. With regard to economic explanations of public support for integration three models are examined – a winners and losers model, an international trade liberalisation model, and a foreign direct investment model. A comparison of these three models shows that support for accession was primarily based on attitudes toward foreign direct investment. Moreover, contemplating employment opportunities within the EU following accession was also an important factor. Contrary to previous research the empirical evidence presented in this article suggests that being a winner or loser in the post-communist transition process was not the strongest factor explaining popular support for membership. The results presented should not be taken to imply that instrumental rather than ideological or affect-based motivations determine general attitudes toward integration. On the specific question of vote choice in the accession referendum instrumental economic considerations were most important.

Keywords: European Union, accession, economy, identity, integration
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Introduction

Membership of the European Union (EU) was a key goal for all post-communist governments in the Czech Republic. Nonetheless, since the mid-1990s the European Union issue has been one of the key dividing lines within Czech party politics, although it has not been a central issue during general election campaigns. While public opinion in the Czech Republic was consistently supportive of the process of accession, its level of support was one of the lowest among the ten states in the May 2004 enlargement [Linden and Pohlman 2003; Taggart and Szczerbiak 2004; Kopecký and Holsteyn 2006]. In one of the few comprehensive English-language accounts, Hanley [2004: 691] summarised popular support for accession as being based on 'cues from longstanding positive linkages of "Europe" with democracy, market reform and Czech identity'. Moreover, this account stressed that the referendum campaign had little effect, as citizens had for the most part made up their mind years earlier.

Domestic and international opinion polls reveal that a key factor for those sceptical about EU membership was economic concerns and more specifically fears about an increase in prices and unemployment. Reservations about loss of national identity motivated only a very small minority of those polled [see Hanley 2004: 694–5]. To date there has been no systematic individual level analysis of preferences in the Czech accession referendum of June 2003. This article aims to make a contribution to this field of research by examining what economic factors shaped attitudes toward membership prior to accession and to explore whether a citizen's sense of identity also played some role.

Scholarly research on public support for European integration is primarily based on survey data from Western Europe that has been examined since the early 1970s. The question that has arisen with the two most recent waves of enlargement is whether these 'West European' models of public opinion toward the EU are applicable to a Union of twenty-seven member states. Scepticism stems from the fact that in Western Europe public opinion on integration sprung from citizens living in stable liberal democratic polities with established market economies. Within post-communist states mass attitudes toward integration were grounded in polities and economies still in a process of transition where accession represented a further movement of change.

Moreover, Rohrschneider and Whitefield [2006] argue that the current understanding of public support for integration is based on elites and masses accepting the merits of liberal democracy and free markets. Within Central and Eastern Europe there is still considerable resistance among political elites and substantial blocks of voters to unfettered capitalism [Večerník and Matějů 1999: 185ff]. Consequently, these scholars contend that citizens within post-communist states do not judge the EU in terms of expected economic benefits, but more in terms of underlying economic and political values. In sum, Rohrschneider and Whitefield [2006: 147] contend that in post-communist states public opinion on integration is more ideological than instrumental.

In this article, it will be argued that while ideological factors may be more important than instrumental ones in shaping general attitudes toward integration, on the specific issue of accession economic considerations were most important. While there are undeniably merits in questioning the dominance and nature of economic explanations of public support for accession in Central and Eastern Europe, it is certain that economics was a primary consideration during the 2004 referendum campaigns in states such as the Czech Republic and Poland [Hanley 2004: 694; Markowski and Tucker 2005: 427, 430].

Here we will focus our attention on the Czech Republic and examine more specifically what were the economic and identity bases of popular support for EU membership? This raises an additional question: how do economic and identity factors shape public opinion toward the European Union? In the first section, the economic bases for popular support for European integration in Western Europe will be outlined. Thereafter, there is a brief review of the literature on public opinion towards EU accession in 2004 within post-communist states. Here we outline three economic explanations of why the Czech public might have supported accession, and we formulate a number of testable hypotheses. This is followed in the third section by a discussion of how a citizen's sense of identity is seen by scholars to influence attitudes toward the integration project. In the fourth section, there is a discussion of the data and methodology used in this paper. In the penultimate section, the empirical findings are presented and this is followed by some concluding remarks.

Economic explanations of citizen support for European integration in Western Europe

While economic explanations of public support for European integration have been a dominant theme, this fact should not be taken to mean that such research has adopted a consistent perspective. In fact, this literature exhibits considerable differences in terms of the level of analysis (i.e. aggregate, individual, and multilevel datasets) and the use of indicators (i.e. subjective and/or objective). Consequently, while economic explanations may appear simple and straightforward, the extant literature paints a more complex picture. For example, the exact effect of macro-economic variables, such as the level of unemployment and inflation, on support for EU membership has been shown to be associated with both positive and negative orientations toward integration.

Our goal here is not to critically review the literature on economic explanations, but to outline the types of models tested. Table 1 summarises the two main streams within this field of research and illustrates the differing levels of analysis and mechanisms underlying the key economic explanations employed. It should be noted that the distinction between micro- and macro-level explanations used in this article is not absolute. In the literature on public support for European integration, use of micro- or macro-level models is often determined

Table 1. Summary of economic explanations of public support for European integration and EU membership

Criteria	Reasons
Main assumption	Citizens' attitudes toward European integration are based on a cost / benefit analysis of the merits of membership.
Conceptualisation of the EU	The EU is an international regime that facilitates economic exchange and consequently has important distributional effects for citizens.
Level of analysis and key mechanisms tested	**MACRO-ECONOMIC EXPLANATIONS**
	(1) Net EU Budgetary Transfers Model
	Citizens who live in member states who are net receivers of EU funding will for sociotropic reasons have higher levels of support for European integration than citizens in other member states [Carrubba 1997; Gabel and Whitten 1997; Anderson and Reichert 1996].
	(2) Sociotropic Retrospective Model
	Collective rather than personal evaluations of economic well-being shape attitudes toward the integration project [Gabel and Palmer 1995; Gabel and Whitten 1997; Gabel 1998a, 1998b, 1998c; Rohrschneider 2002; Anderson 1998; Gabel and Palmer 1995; Eichenberg and Dalton 1993]. Moreover, support for integration is based on retrospective rather than prospective assessments of national economic conditions [Eichenberg and Dalton 1993; Anderson 1998; Christin 2005].
	(3) Institutional Ideology Model
	Support of integration depends on the form of capitalism present in a country. States with a Rhenish capital model will be most favourable toward integration [Brinegar, Jolly and Kitschelt 2004; Brinegar and Jolly 2005].
	MICRO-ECONOMIC EXPLANATIONS
	(1) International Trade Liberalisation Model
	The EU promotes growth through capital transfers and market liberalisation and this process favours those in economies who possess scarce endowments. Typically, within Western Europe integration is seen to favour those with higher levels of education and skills [Gabel 1998a; Anderson and Reichert 1996; Rodrik 1997; Scheve and Slaughter 2001].
	(2) Winners and Losers Model
	Citizens in post-communist states who have benefited from the transition process are more likely to support EU accession than those who have suffered. Moreover, supporters of the free market in post-communist states will be most in favour of membership [Tucker et al. 2002; Doyle and Fidrmuc 2004; Christin 2005].

	(3) Foreign Direct Investment Model Accession is likely to increase FDI and hence have economic redistributional effects creating winners and losers. In capital scarce economies FDI will increase employment and training. However, increasing levels of foreign ownership may lead to greater public controversy and less support for an accession process that is associated with FDI [Rohrschneider and Whitefield 2004].

by the availability of data. In this article, the categorisation of models such as FDI as micro-level reflects the fact that we have an individual-level survey available for analysis. This is not to suggest that FDI has only individual-level effects and does not have important macro-level effects such as those associated with EU budgetary transfers. In the following two sub-sections, a brief outline will be given of these micro- and macro-economic perspectives for research on the EU-15 member states.

Macro-economic explanations

Explanations of public support based on national economies are based on the simple idea that whatever is good for the country is also of benefit to the individual. However, the factors and manner in which macro-economic factors influence attitudes toward European integration has never been definitively established. This failure stems in part from methodological differences, where the models tested, variables used, and countries and time periods examined have varied. Consequently, this literature has not provided systematic findings. Here we will briefly review three strands in this research.

Net EU budgetary transfers model

According to this model if a member state is a net recipient of EU funding this will improve the infrastructure and services used by citizens [Bosch and Newton 1995; Carrubba 1997; Gabel and Whitten 1997; Anderson and Reichert 1996]. Moreover, this approach suggests that if a country changes from being a net receiver to being a net contributor to the EU then popular support for integration should also change. If this is the case, *ceteris paribus* popular support for integration should decline if a country changes from being a recipient to being a contributor to the EU's budget. Ireland represents a case where this change in financial status occurred in 2007. According to the net budgetary transfers model, popular support for integration in Ireland should decline after this year. The evidence from Eurobarometer data (i.e. the question of whether the country has benefited from EU membership)

reveals that there has been a decline in the perceived benefits of EU membership in Ireland since 1997 – a full decade before this budgetary change came into effect. Such evidence suggests that payments from, or contributions to, the EU are not the only considerations used by citizens to assess the integration project.

Sociotropic retrospective model

Many of the economic explanations of mass support for integration emphasise that attitudes toward how the national economy has performed, rather than prospective individual level assessments, are the most important. In examining the relationship between macro-economic variables and support for the EU, previous research has suggested that GDP growth, inflation, unemployment, and intra-EU trade are important. However, the evidence that national economic conditions shape public opinion on integration has not always been consistent [Eichenberg and Dalton 1993; Duch and Taylor 1997]. For example, we noted earlier that the exact effect of macro-economic variables such as level of unemployment and inflation on support for EU membership has been shown to both increase and decrease pro-integration opinion [Anderson and Kaltenhaler 1996; Gabel 1998c]. Such problems, while stemming in part from methodological differences, probably also reflect the fact that citizens' assessments of national economic performance are influenced by political factors, such as key political events and length of membership [Christin and Hug 2002; Bosch and Newton 1995].

Institutional ideology model

Our final explanation contends that national institutions mediate individual evaluations of the economic effects of European integration. In practice this means that the institutional ideology and associated preferences of a state have a significant effect on transmitting the costs and benefits of European integration through market liberalisation. Within the EU three ideal types of capitalism may be identified – liberal-market capitalism, Rhenish capitalism, and social-democratic capitalism, where the liberal-market model is often juxtaposed with the social-democratic one in terms of wealth distribution. In this respect, the prevailing argument is that the middle ground adopted by the Rhenish model helps explain which form of capitalism is most conducive in institutional and ideological terms to mass support for integration [Brinegar, Jolly and Kitschelt 2004; Brinegar and Jolly 2005]. From a methodological perspective, it can be argued that this approach suffers from *endogeneity*. This is because the states most associated with the historical development of European integration from 1957 have been adherents to the Rhenish conception of capitalism. In a sense, support for integration is explained in terms of those states that have the longest and most successful history of integration.

Micro-economic explanations

In the micro-economic approach, support for integration stems from benefits that accrue to the individual from greater mobility of capital and labour. Much of this literature is based on the effects proposed by trade liberalisation theory and more specifically the Heckscher-Olin model of trade. One of the mechanisms proposed to support this perspective is that integration gives higher rewards to those with greater human capital resources [Gabel 1998b; Scheve and Slaughter 2001]. This occurs via a variety of channels where integration through market liberalisation favours those sectors of the economy that have scarcities of either capital or labour. The key point here is that prevailing national or even regional economic conditions will give differential incentives to individuals with varying levels of age, education, and position within the labour market to support integration. In relatively rich countries, individuals who possess capital or high skills will favour greater access to markets where capital and skills are scarce. Low skill labour in such countries will fear a loss of investment and future jobs prospects, and therefore oppose further integration. In contrast, with an abundance of cheap labour – a typical feature of less developed economies – workers will favour foreign investment of capital as it brings with it more employment opportunities. However, skilled workers will fear loss of position or perhaps unemployment in a changed labour market. One consequence of the twin processes of liberalisation and integration is the rolling back of the welfare state, a trend that has greater impact on those who are more likely to become unemployed. One key feature of liberalising markets is the role played by foreign direct investment (FDI). However, to date there has been little research on how attitudes toward FDI influence orientation toward the EU in Western Europe. This is a topic we will return to below.

Economic bases of popular support for EU membership in post-communist states

Discussions of public support for accession in post-communist states is intricately bound up with attitudes toward transition toward a free market economy and support for associated liberal democratic institutions, property rights, and wide ranging changes in systems of production and social welfare. Although the goal of all transition processes has been to improve the welfare of citizens, in most post-communist states the costs of transition were often felt before the benefits [Rose and Haerpfer 1995: 432; Rose, Mischler and Haerpfer 1998: 200]. In this respect, citizens in post-communist states when considering the economic effects of accession were faced with contemplating what were the likely economic costs and benefits ensuing from EU membership for citizens. Obviously, there would be both winners and losers. In addressing this question, the growing literature on public support for European integration and accession in Central and Eastern Europe has adopted a number of distinct explanations. In general these approaches represent extensions of previous research undertaken in Western Europe.

Macro-economic explanations in Central and Eastern Europe

There has been relatively little systematic comparative research on economic attitudes toward European integration in Central and Eastern Europe because of data considerations. One intuitive explanation is that post-communist citizens supported accession in order to receive structural and Common Agricultural Policy (CAP) funds from Brussels, i.e. a net budgetary transfer model.

Another explanation (which may be seen as a variant of the sociotropic retrospective model) as to why aggregated public opinion would express particular opinions toward integration is based on the idea that the countries that suffered most in the transition process would feel that they have less to lose in transferring authority and sovereignty to the EU [Sánchez-Cuenca 2000: 151; Christin 2005: 39]. In contrast, public opinion in the post-communist states where the transition process was relatively successful are expected to be more sceptical of the economic benefits of EU membership. This is because such citizens would have more to lose. To summarise, depending on the nature of the transition process, citizens in post-communist states living in different national conditions would be expected to have different attitudes toward EU membership. Christin [2005: 43–49] has found that macro-level factors have the greatest impact on public opinion on the EU when national conditions are in 'bad shape'.

Although the impact of institutional ideology in Western Europe is judged in terms of the type of capitalism, the evidence from post-communist states suggests that economic values are important. Particularly within situations of rapid political and economic change and hence high uncertainty citizens may fall back on regime ideals in assessing the benefits of EU membership [Rohrschneider and Whitefield 2006: 148]. Significantly, in many post-communist states citizens still believe in socialist ideals such as an egalitarian society [Evans and Whitefield 1995]. For this reason, economic values may trump instrumental reasoning in shaping mass attitudes toward the EU.

Micro-economic explanations in Central and Eastern Europe

In the literature on public opinion toward integration among post-communist states at least three different micro-economic approaches have been adopted. These models represent a distinct line of research from what came before, because of the very different circumstances underpinning the enlargements of 2004 and 2007. As our focus of interest is public opinion on accession in the Czech Republic, we will concentrate in this article on three micro-economic models. Although no direct reference is made to expectations for social improvements in this research, owing to data limitations, this is not to suggest that such considerations were unimportant. Within the Czech Republic there is considerable support for social democratic principles. For convenience, in this research, such social welfare-based expectations are subsumed under more specific micro-economic perspectives.

As this is a single country study, examination of institutional effects is impossible, and data for macro-economic analysis are not readily available. Therefore, in this sub-section there will be a brief presentation of the three models reviewed. On this basis some hypotheses will be formulated combined with some brief description of the survey questions used to test these hypotheses. More details of the data used will be given in the next section and in the appendix.

Winners and Losers Model

The first micro-economic model relates specifically to Central and Eastern Europe, where it has been argued that those who have been 'winners' in the free market reforms in post-communist states such as the Czech Republic will be most supportive of integration. In Tucker, Pacek and Berinsky's [2002] 'winners and losers' model there are two key explanatory variables explaining support for accession.

First, those who have gained from the post-communist transition are more likely to support accession than those who have lost.[1] In this article, being a winner or loser is based on a summated rating scale of seven items. Four of the items relate to the respondents' own subjective sense of the current economic situation of the household and how this has changed over the previous year. In addition, the respondents' assessment of whether their household had sufficient income and whether the household had been able to save in the last five years were used as indicators. The last three items refer to objective measures of success – owning a video cassette player, owning a car, and having access to the internet (see appendix for details).

The second key factor for Tucker, Pacek and Berinsky [2002] is if a respondent is a supporter of the free market. In the survey dataset examined here a better measure is available, where it is possible to identify citizens who have a primarily free market orientation in contrast to defining themselves first and foremost as a social democrat, communist, environmentalist, etc. It is also possible to learn about respondents' current feelings toward the Czech economy (on a –100 to +100 scale) and their prospective view of the Czech economy in five years time (again on a –100 to +100 scale). These two 'thermometer' type scales are useful in detecting some sense of economic optimism among the public, and how this may be associated with attitudes toward accession. Using these survey questions three hypotheses regarding the winners and losers model will be tested.

[1] Fidrmuc [2000] argues in a similar 'winners' and 'losers' vein that the former (entrepreneurs, white-collar workers, and people with university education) vote for right-wing pro-reform parties, while the latter (the unemployed, retired people, blue-collar workers, and farm workers) vote for left-wing parties. This analysis shows economic performance has a strong impact on electoral choice.

H.1 Winners in the post-communist transition process will be more supportive of EU accession than losers.

H.2 Those citizens who have a primarily free-market orientation will be most positive about accession.

H.3 Those who feel positive about the economy at the current time and have optimistic expectations for future domestic economic performance will be supportive of accession.[2]

International Trade Liberalisation Model

A more general argument is that a core feature of European integration is the liberalisation of trade. According to international trade theory, liberalisation of trade is likely to have differential benefits for various economic interest groups. It is only recently that attempts have been made to use international trade theory to explain individual level preferences for transnational processes [Scheve and Slaughter 2001]. According to the Heckscher-Ohlin factor proportions theory there should be strongest support for freer trade, and by implication accession to the EU, among low-skilled workers in national economies that are typified as being labour abundant.

The assumption here is that in comparison to the EU the Czech economy has a greater supply of labour than capital. However, within the Czech Republic there are strong regional differences, measured as relative per capita GDP. It is assumed here that this variable is highly correlated with the human capital endowments of specific regions.[3] For this reason, it is more appropriate to treat individual preferences based on interests resulting from different human capital endowments as being mediated by the effects of the regional economy in which a respondent lives. Therefore, an interaction variable of skill by regional per capita GDP was constructed. The skill level of respondents was measured in terms of both education level and occupation [Mayda and Rodrik 2001; O'Rourke and Sinnott 2002: 162–5]. However, empirical analysis indicated that the education measure yielded more robust results. In addition, the survey examined contains a subjective assessment of the willingness of Czech citizens to use the opportu-

[2] Previous research supportive of this hypothesis may be found in Anderson [1998] and Rohrschneider [2002]. For the accession member states, see Tverdova and Anderson [2004].

[3] Within the Czech Republic there are significant regional differences. The Prague Region in 2001 had an unemployment rate of 3.7%, and a GDP 2.18 times the national average was strongly supportive of accession. In contrast, the relatively well-urbanised Karlovy Vary Region (in the northwest of the country, on the German border and a stronghold of KSČM (Communist Party of Bohemia and Moravia)) had an unemployment rate of 10.1% and a GDP level less than four-fifths of the national average. It was unique in being the only region to be against accession in November 2001 [see Kostelecký and Čermák 2004]. Markowski and Tucker [2005: 17] make a similar argument with regard to the accession referendum in Poland.

nities of labour mobility following accession. On the basis of these trade theory considerations four hypotheses will be examined.

H.4a Low-skilled workers in poorer regions of the Czech Republic would have been most supportive of EU accession.

H.4b Medium-skilled workers in relatively rich regions would have been less supportive of accession.

H.4c High-skilled workers in relatively rich regions would have supported accession.

H.5 Those workers who were most predisposed to work outside the Czech Republic in another EU member state would be supportive of the benefits of mobility offered with accession.

Foreign Direct Investment Model

A key economic impact of European integration is the expected growth of foreign direct investment (FDI). Despite the importance of this facet of integration on accession there has been little research on how public opinion toward FDI might shape attitudes toward accession. This is surprising because the issue of foreign ownership has been controversial in many post-communist states. Examining the link between public support for foreign ownership (a core facet of FDI), Rohrschneider and Whitefield [2004] found that support for the latter and having a positive image of the EU was lower in more democratic states in Central and Eastern Europe. Moreover, higher levels of FDI at the national level were associated with lower levels of support for foreign ownership. However, national levels of FDI had no significant impact on attitudes toward the EU.[4] The strategy adopted here is different, as use will be made of individual-level subjective measures to assess the impact of this variable.

Our expectation is that the economic effects of integration operating through FDI will have redistributional consequences, where some groups will be 'winners' and others will be 'losers'. Unfortunately, there is little theoretical work specifying which domestic interest groups should be most supportive of FDI [Frieden and Martin 2002: 128]. What international trade theory does say is that FDI results in a complex mix of costs and benefits. While FDI can lead to greater investment in skills and training of local labour forces much of this benefit depends on the differential technological and productive capacities of foreign and domestic firms. If there is too great a differential FDI leads to greater inequality between skilled and unskilled workers [Blomström et al. 1999; Taylor and Driffield 2000].

[4] Rohrschneider and Whitefield [2004: 333] report that their EU model (Table 4) should be interpreted with caution as the multi-level estimations may be influenced by the smaller degrees of freedom of the macro-level variables.

In political terms, FDI was an important issue because the Czech Republic was unique in having virtually no foreign investment between 1948 and 1989. The economic policies of the Civic Democrat (ODS) governments from 1992 to 1998 emphasised domestic rather foreign ownership. These policies were implemented through state-owned banks providing funds for domestic firms. However, many of these firms were unviable in a liberalised market. As a result, unemployment increased as many domestic companies collapsed. During this period economic policy was characterised as 'under-regulated, under-capitalized ... [leading to an] ... inefficient private sector dominated by politically connected insider groups' [Hanley 2000: 4]. Nonetheless, the number of foreign businesses in the Czech Republic increased ninefold between 1993 and 1997 [Večerník and Matějů 1999: 85].

From 1998 onwards Social Democrat (ČSSD) administrations implemented a new set of policies that strongly supported foreign direct investment through a system of incentive packages and the construction of industrial parks in areas of high unemployment. Despite these two distinct policy periods the Czech Republic nonetheless has had one of the highest levels of net FDI inflows in Central and Eastern Europe. According to World Bank Development Indicator data, net inflows of FDI increased from USD 257 million in 1989 to USD 8.23 billion in 2002 – which represents a thirty-two-fold increase in fourteen years. A central question is: what effect did this have on Czech industry?

One of the few studies of the impact of FDI on domestic firms found (using firm level panel data between 1994 and 2001) that foreign firms did 'crowd out' domestic Czech ones, but this was a short-term effect. However, success for foreign firms also increased the likelihood of success for domestic ones where increased demand for goods and services within the Czech Republic was the primary basis for growth. Moreover, technology spillovers primarily aided domestic firms in high technology industries [Djankov and Hoekman 2000; Kosová 2006]. This evidence suggests that FDI may have had some impact on Czech public opinion and perhaps attitudes toward EU membership. In this research, support for FDI was measured using answers to five different survey items relating to this issue (see appendix for details). Consequently, using this data the hypothesis to be tested may be formulated as follows.[5]

H.6 Czech citizens who believed that foreign direct investment (FDI) had a positive impact on the national economy would have supported EU membership as facilitating this process.

[5] With six items it was possible to create a summated rating scale with high internal consistency (inter-item correlation, Cronbach alpha = .75) and thereby a superior indicator if only a single survey question were used.

Identity explanations of support for integration

As the process of European integration promotes increasing economic and political interdependency, one consequence of these developments is a growth in multiculturalism while the differences between European nations decline. Therefore, although membership of the EU creates economic winners and losers there is also the possibility that it will 'provoke a sharp sense of identity loss among defenders of the nation' [McLaren 2002: 553]. However, the relationship between national identity (which is seen to be the strongest territorial identity in most European states) and attitudes toward European integration is not a simple one.

In some research the association between national identity and support for the integration project is positive [Citrin and Sides 2004: 170]. This may occur because citizens have more than one sense of identity where they feel local, regional, national, and supranational attachments in a manner that is both inclusive and integrative. Thus a variety of case studies suggest that a strong sense of identity at one level reinforce a citizen's sense of identity at other levels [Haesly 2001; Diez Medrano and Guttiérez 2001]. In contrast, other research suggests a negative relationship, because European integration is perceived to be a threat to the nation and its culture and values [McLaren 2002; Carey 2002; Christin and Trechsel 2002]. Sometimes such fears are crystallised in the association between the degree of integration and the level of immigration [Luedtke 2005].

Such scholarship demonstrates that the link between identity and attitudes toward the EU are context dependent. An influential stream of research suggests that how the integration issue is framed in the national context may be critical in establishing positive or negative associations between national identity and support for the EU. For example, if citizens perceive national governance and democratic performance positively then there will be a positive link between sense of identity and attitudes toward the EU [Sánchez-Cuenca 2000; Rohrschneider 2002].

If we now turn our attention to the nature of national identity in the Czech Republic the survey evidence from the national identity modules of the International Social Science Project (ISSP) in 1995 and 2003 show important changes. These data reveal that Czech national identity declined in some key areas during the late 1990s. For example, national identity was most important in 1995, while by 2003 community identity had become ascendant. In addition, popular conceptualisations of citizenship shifted from being legalistic to ethno-cultural. Significantly, such changes in key political attitudes were associated with declining satisfaction and pride in the performance of the state [Vlachová and Řeháková 2004: 17–28].

Therefore, in the Czech Republic the national context immediately prior to accession in June 2003 was one of dissatisfaction with national politics. This situation resulted on the one hand in a weaker sense of national identity (and sense of patriotism) that was in turn associated with being positively pre-disposed toward the emergence of a European level of governance. Consequently, Czech citizens

with a weak sense of national identity were more likely to support the primacy of decisions made at the European rather than national level, even in situations of conflict. Moreover, such citizens were most in favour of a federal Europe [Vlachová and Řeháková 2004: 29–31].

On the basis of such empirical evidence and our brief review of the identity and integration literature, we may elaborate the following set of three hypotheses concerning the link between sense of identity and support for accession in the Czech Republic.

H.7a Those who feared that the EU would lead to a loss of Czech sovereignty and that party politics was based on a struggle between national traditions and European integration would have opposed accession.

H.7b Having a belief in defending national interests and feeling proud of Czech citizens would be negatively associated with voting for accession because of the perceived threat posed by aspects of integration such as loss of independence.

H.7c Citizens with a strong sense of community rather than regional or national identity would have been most opposed to EU membership because they most acutely perceived European integration to be a threat to their ethnocultural values.

Data and methods

The analysis of public attitudes toward accession in the Czech Republic reported here relies on a mass face-to-face survey undertaken by the Public Opinion Research Centre (CVVM – an independent state polling agency) between October 26 and November 5 in 2001 on 1199 adults aged fifteen years and older. In this research, only a subset of respondents aged seventeen years or older that were eligible to vote in the accession referendum of June 2003 are examined (N=1140).

Like all the main polling agencies in the Czech Republic, CVVM uses quota sampling on the basis of region (x8), size of community (x6), sex, age (x4), and education (x4).[6] Consequently, with a quota sampling methodology, non-response rate and weighting variable estimates are not available (see appendix).[7] A central concern among survey researchers with data derived from quota-controlled sampling is that the resulting information is problematic owing to non-representative strata and non-random selection within strata [Berinsky 2006: 506–9].

[6] The numbers in parentheses, e.g. (x4), refer to the number of categories used to create quota samples.

[7] Two versions of this survey data exist. The first is part of a pooled survey series deposited at the German Social Archive in Cologne, where all variable labels and documentation are in English. The second version is available from CVVM in the Czech language only. This dataset has a much more extensive set of variables and is the one used in this paper.

An analysis of the quality of survey work done by all of the main Czech polling agencies prior to the general election of 2002 found that CVVM adheres consistently to international polling industry standards. Moreover, the quality of the survey data produced by CVVM with regard to measurement validity and accuracy in making pre-election estimates of party support is generally superior to all the other main polling agencies within the Czech Republic. As CVVM follows standard polling practices and produced the most accurate election predictions between 2002 and 2004, this gives us confidence in the validity and reliability of the survey data used in this research [see Kreidl and Lebeda 2003; Krejčí 2004].

Turning now to the survey question used as the dependent variable in this research, we can see from the following item wording that those interviewed were offered four response options. 'If there were a referendum tomorrow on the Czech Republic's accession to the European Union, would you vote for or against accession?' The response options were: 'for', 'against', 'would not vote', 'undecided' and 'don't know'.

Following a similar strategy as Tucker, Pacek and Berinsky [2002] the substantively similar responses of 'undecided' and 'don't know' were combined.[8] The theoretical expectation is that the individuals who responded, 'for', 'against', 'would not vote', or 'undecided/don't know' would be different. A series of Wald and likelihood ratio tests were used to investigate and confirm that combining any of these response options is not warranted.

As the dependent variable is unordered and nominal, a multinomial logit (MNL) modelling strategy was used to analyse the survey data [Scott-Long 1997: 151–178]. It should be noted that all the data, except the dependent variable, were rescaled (0–1) to aid interpretation. Therefore, as all measures have the same metric, those variables with larger coefficients in the same models presented have stronger effects.

However, logit regression coefficients are difficult to interpret because they are non-linear. Technically this means that while a change in the log odds ratio is constant for all levels across all variables, the value of discrete probabilities depends critically on the values of the variables. For example, the effect of being a winner in the post-communist transition process might increase the odds of supporting EU membership by a factor of ten, but the impact of an economic assessment is small if the odds of supporting accession were one in seven thousand. Therefore, in order to make the presentation of our MNL regression results more transparent some of the estimates will be presented within the next section as predicted probabilities and graphically.

[8] There is the temptation here to combine non-voting and uncommitted respondents. However, care has to be taken when combining response categories. For example, Tucker, Pacek and Berinsky [2002: 561] argue that Cichowski's [2000: 1255] strategy of combining undecided and non-voting respondents yielded misleading results.

Empirical results

One important implication of the research results presented here is that the EU accession campaign may have had little effect in changing the minds of voters.[9] Eighteen months before the referendum poll, 44% of people supported accession while 14% were against. In the referendum of mid-June 2003, 42% of registered voters voted 'yes' while 12% voted 'no', with a turnout rate of 55%. The November 2001 survey results are within sampling error (± 3%) of the actual referendum result.[10]

Taking those respondents, aged seventeen years or more (and hence eligible voters in June 2003), who were 'undecided' (28%), 'would not vote' (6%), and had no opinion (9%), it is possible to account for most of the non-voters in the referendum 45% (42%). The assumption here is that those voters who gave no firm opinions in late 2001 were most likely to abstain in the accession referendum.

Many of the differences between the poll of late 2001 and the exit poll for the accession referendum shown in Table 2 relate to the impact of turnout. In the survey of late 2001 many more younger and middle-aged people stated that they would vote than were interviewed after voting in the exit poll. Differential turnout on the basis of age is a well-known feature in all elections.

Furthermore, a higher turnout rate in the exit poll among those with an elementary education than that estimated by the poll of late 2001 is not surprising [see Rosenstone and Hansen 1993; Wolfinger and Rosenstone 1980]. This effect is partly based on age as a higher proportion of senior citizens received only an elementary education, in addition many of this group live in rural areas with strong social networks that foster the norm that voting is a civic duty. The most interesting differences are those relating to the unemployed who appear to have been convinced between November 2001 and June 2003 to vote 'yes'. Table 2 indicates that unemployed citizens' support for accession grew by almost 48% during this period. Equally dramatic was the growth in support among voters of the Communist Party of Bohemia and Moravia (KSČM) for EU membership, which went up by almost 95%. However, these results may be more apparent than real owing to social desirability effects in survey interviews [Tourangeau, Rips and Rasinski 2000].

It is well known internationally that the number of respondents who will admit to being unemployed is often much less than those registered as being unemployed. In the Czech Republic there was an official unemployment rate of 9.8%

[9] Hanley [2004: 710] notes that the 'yes' campaign dominated the 'no' one. In terms of finances the 'yes' campaign spent two hundred times more money than the 'no' side, which was in addition considered to be ineffective. For many, accession was considered a *fait accompli* prior to the referendum. The acrimonious debates during the campaign were less about accession and more concerned with the nature of integration and its impact on the Czech Republic.

[10] Lebeda [2004: 219–221] shows that final polls before the referendum (i.e. June 2003) were also reasonably accurate in predicting both turnout and support for accession.

Table 2. Comparison of the October–November 2001 survey and the exit poll results in June 2003 (%)

	Oct.–Nov. 2001 Yes	Exit Poll, June 2003 Yes	Difference Oct.–Nov. 2001 – June 2003
Gender			
Male	76	77	–1
Female	75	78	–3
Age			
18–29 yrs.	89	78	+9
30–44 yrs.	83	75	+8
45–59 yrs.	67	77	–10
60+ yrs.	65	79	–14
Education (highest level)			
Elementary	64	73	–9
High school diploma	81	79	+2
University	86	82	+4
Occupation			
Employees	80	77	+3
Business owners	79	79	0
Students	91	84	+7
Retired	60	78	–18
Housewives	82	75	+7
Unemployed	44	65	–21
Party (vote intention)			
US-DEU	89	92	–2
ODS	91	86	+5
KDU-ČSL	89	84	+5
ČSSD	76	82	–6
KSČM	19	37	–18
TOTAL (%)	75	78	–3
N	663	≈12 500	

Note: The difference in the column estimates relate to how much the estimates from the survey in late 2001 were over or under the results of the exit poll on 13–14 June 2003. Percentages here refer to those who voted or stated that they would definitely vote 'yes'.

Table 3. Cross-tabulation of preferences for EU membership by attitudes toward the economy and identity (%)

	Row (%)					
	Against EU membership	For EU membership	Undecided / Don't know	Would not vote	*N*	Column (%)
All respondents	14	44	36	6	1140	100
Winners & Losers Model						
Loser in the post-communist transition process	17	34	**42**	7	805	71
Winner in the post-communist transition process	8	**67**	23	2	335	29
Free market orientation – no	17	36	40	7	877	77
Free market orientation – yes	5	**71**	23	1	263	23
Feelings toward current economic system in Czech Republic – other	20	25	**47**	8	407	36
Feelings toward current economic system in Czech Republic – positive	11	**54**	31	4	733	64
Feelings toward economic system in Czech Republic in 5 yrs. – other	**20**	24	**48**	8	418	37
Feelings toward economic system in Czech Republic in 5 yrs. – positive	11	55	30	4	722	63
International Trade Model						
Low-skill worker in a region with a lower than mean per capita GDP	14	48	35	4	883	77
Low-skill worker in a region with a higher than mean per capita GDP	17	30	42	**11**	257	23
Medium-skill worker in a region with a lower than mean per capita GDP	15	41	38	7	870	76
Medium-skill worker in a region with a higher than mean per capita GDP	13	**54**	31	1	270	24
High-skill worker in a region with a lower than mean per capita GDP	15	41	38	6	1027	90
High-skill worker in a region with a higher than mean per capita GDP	11	**65**	23	1	113	10

Willing to work outside Czech Republic after accession – uncommitted	16	40	38	6	986	86
Willing to work outside Czech Republic after accession – yes	3	**70**	23	5	154	14
FDI Model						
Some doubts about foreign direct investment in Czech Republic	22	25	**44**	8	710	62
Convinced supporter of foreign direct investment in Czech Republic	2	**74**	23	1	430	38
Identity Model						
EU membership will lead to a loss of sovereignty	13	44	37	6	925	81
EU membership will not lead to a loss of sovereignty	**20**	44	33	4	215	19
Believe in defending national interests – uncommitted response	13	46	35	6	986	86
Believe in defending national interests – yes	**21**	30	**45**	5	154	14
Very proud of Czech citizens – uncommitted response	13	43	38	6	902	79
Very proud of Czech citizens – yes	18	48	30	4	238	21
Party politics is based on national traditions vs. EU interests – no	14	44	37	6	1099	96
Party politics is based on national traditions vs. EU interests – yes	**27**	41	27	5	41	4
Identifies with local community – no	14	48	34	5	498	44
Identifies with local community – yes	15	41	38	6	642	56
Identifies with region – no	14	43	37	6	985	86
Identifies with region – yes	14	48	35	4	155	14
Identifies with country – no	14	42	37	6	922	81
Identifies with country – yes	15	50	32	3	218	19

Note: Row percentages (to the left of the number of cases) represent the distribution of responses on EU accession for each variable, e.g. 34% of those who were losers in the post-communist transition process favour EU accession. Column percentages (to the right of the number of cases) refer to how much each response option constituted of the total sample, e.g. 71% felt they were losers in the post-communist transition process while 29% were winners. Numbers in bold refer to estimates that significantly ($p \leq .05$) exceed those of the total electorate, e.g. losers in the post-communist transition process were significantly more likely than all voters to state they were undecided about voting in the accession referendum.

for December 2001, but the survey estimate was just 4%. Similarly, the attenuation effects due to social desirability were also evident for the intention to vote for the Communist Party or for feeling closest to this party – where in the survey of late 2001 it had an 11% level of support. Seven months later, in the 2002 general elections, the Communist Party attracted 18.5% of the popular vote. The differences between the survey used here and the exit poll are in large part the result of well-known methodological artefacts and do not point to strong campaign effects for these specific groups.

Given the wide range of questions asked in the survey examined in this paper, it is a unique and invaluable instrument for estimating 'core' popular support for accession beyond the short-term effects of a campaign – which in the Czech case may have had its greatest impact in ensuring a level of voter turnout comparable with the previous general election in 2002. While this was important in ensuring legitimacy in the decision to join the EU, it was not as crucial a consideration as in Poland and Slovakia, which had participation thresholds for having binding referendum results.

Before describing the results of our regression models it is instructive first to examine a simple profile of preferences for accession by attitudes toward the economy. The cross-tabulations and difference of proportions estimates presented in Table 3 suggest that economic attitudes were more strongly linked with opinions on accession than those related to sense of identity. Many of the patterns evident in Table 3 are consonant with our hypotheses, and we will discuss these in greater detail in the following subsections.

However, Table 3 is important, as it provides us with estimates (in the final column on the right) of the frequency distributions of all variables used in the models reported later in Table 4. Such data is important, as they facilitate the assessment of the significance of the regression results. For example, it is important to know that seven in ten respondents felt they were losers in the post-communist transition process and that such perceptions among the majority of the electorate translated into indecision about the benefits of accession rather than into opposition.

Winners and Losers Model

As the first column of Table 4 shows, each of the predicted effects of Tucker, Pacek and Berinsky's [2002] model was found to be statistically significant. Being a 'winner' in the post-communist transition (H.1) process increased the probability (p=+.48) that a respondent would state that they would support accession rather than vote 'no' (p=–.08) in the referendum.[11] Moreover, self-identified winners in the post-communist transition process in contrast to losers were much less apt

[11] The probabilities reported refer to the change in probability for giving a 'yes' (or 'no', 'don't know' or 'will not vote') response to the EU accession question across the entire range of the independent variable. For example, the probability of supporting accession

(p=–.39) to say 'don't know' and were very unlikely (p<.001) to state that they would not vote in the referendum. Ideologically, those who identified themselves as having a free market orientation (H.2) were more likely (p=.16) to be in favour of accession, indicating a strong association in citizens' minds between the integration process and market liberalisation.

A positive assessment of the national economy (H.3a) and being optimistic about the future (H.3b) were also significant factors but their effects were less powerful than the other variables in the winners and losers model. Theoretically one might have expected the prospective economic measure to have had the most powerful impact, as the benefits of accession were a future goal. For Czech citizens, current and prospective assessments of the economy were moderately correlated (r=.47), which might be the result of a question ordering or priming effect, as the two items were sequential in the survey.

International Trade Liberalisation Model

Like Gabel's [1998b] economic interest and political preference model, the international trade liberalisation approach is based on insights derived from the Heckscher-Ohlin theory of international trade preferences. However, the explanatory variables used are somewhat different. Gabel created an interaction variable using occupation and relative wages / human capital. In contrast, the trade liberalisation model implemented here focuses on the differential impact that regional (rather than cross-national) economic structures will have on preferences for accession.[12] In addition, the model tested in this research takes into account labour mobility (i.e. migration to Prague from regions of industrial decline), a key consideration in trade theory.

Using education level as a measure of worker skill proved to be more robust than using income. The results shown in the second column of Table 4 show that skilled labour in rich regions was most strongly associated with support for accession. Therefore, in line with our expectations (H.4a) low-skilled workers in richer regions tended to be against accession, though this is not a statistically significant effect. In contrast, those with medium and high skills (H.4b-c) were increasingly likely to give a 'yes' (p=+.18 and +.25 respectively) rather than a 'no' response (p=–.05 and –.07 respectively).[13] These results match the findings of Gabel's [1998a] analysis of mass attitudes with EU-12 member states toward membership between

increases by .48 (or 48%) across the entire range of our 8-point 'winners-losers' ordinal variable.

[12] It should be noted that the interpretation of interaction terms in nonlinear models requires considerable care [see Ai and Norton 2003; Brambor, Clark and Golder 2006; and Berry, Esarey and Rubin 2007].

[13] Additional tests of these interaction variables using a methodology developed by Brambor, Clark and Golder [2006] confirm the results noted in Table 4. Models including all interaction variables are not reported for reasons of brevity.

Table 4. Multinomial logit analysis of micro-economic explanations of preferences for EU membership (will vote 'yes' coefficients)

Variables	Winners & Losers Model	International Trade Model	FDI Model	Economic Model	Identity Model	Economic & Identity Model
Winner in the post-communist transition process (H.1)	2.058 *** (.510)			.314 (.573)		.452 (.588)
Free market orientation (H.2)	1.112 *** (.324)			.461 (.392)		.398 (.399)
Positive feelings toward current economic system (H.3a)	.723 *** (.216)			.404 (.262)		.389 (.265)
Positive view of economic situation in five years (H.3b)	.703 ** (.226)			.249 (.269)		.220 (.271)
Low-skill * relative per capita GDP in region (H.4a)		−.666 (.573)		−.110 (.680)		−.318 (.679)
Medium-skill * relative per capita GDP in region (H.4b)		.915 * (.510)		.312 (.592)		.284 (.599)
High-skill * relative per capita GDP in region (H.4c)		1.332 ** (.659)		.517 (.670)		.598 (.693)
Willing to work outside Czech Republic after accession (H.5)		3.744 *** (.599)		2.859 *** (.639)		2.847 *** (.651)
Support foreign direct investment, FDI (H.6)			7.658 *** (.552)	6.999 *** (.602)		7.026 *** (.616)
EU membership: loss of sovereignty (H.7a)					−.414 * (.231)	−.449 (.290)
Party politics is based on national traditions vs. EU interests (H.7a)					−.710 * (.412)	−1.194 ** (.513)

Believe in defending national interests (H.7b)					−.809 **	−.176
					(.279)	(.324)
Very proud of Czech citizens (H.7b)					−.142	−.088
					(.234)	(.294)
Primary identity: local area (H.7c)					−.164	.041
					(.316)	(.387)
Primary identity: the region (H.7c)					.058	.041
					(.397)	(.480)
Primary identity: Czech Republic (H.7c)					.006	.055
					(.359)	(.459)
Constant	1.077	1.181	.028	−2.245 *	3.342	−1.971
	(.996)	(1.034)	(1.049)	(1.248)	(1.013)	(1.299)
Wald chi2	34213	37725	39947	35948	34748	29960
AIC	2375	2521	2202	2141	2610	2160
BIC	2829	2959	2595	2655	3093	2780
McFadden Adj. R2	0.11	0.05	0.17	0.20	0.02	0.19
Log pseudo-likelihood	−1111	−1173	−1023	−968	−1208	−956

*** p≤.001, ** p≤.05, * p≤.10 All Wald chi2 estimates are significant (p≤.001).

Note: Opposition to EU accession is the base category used for comparison. Coefficients for control variables are not reported. Robust standard errors are in parentheses. These are based on Huber/White/sandwich estimator of variance. All variables have been rescaled [0-1] to aid interpretation as all coefficients have the same metric those variables with larger values in the same model indicating stronger effects. All models were estimated with the same number of cases (N=1140).

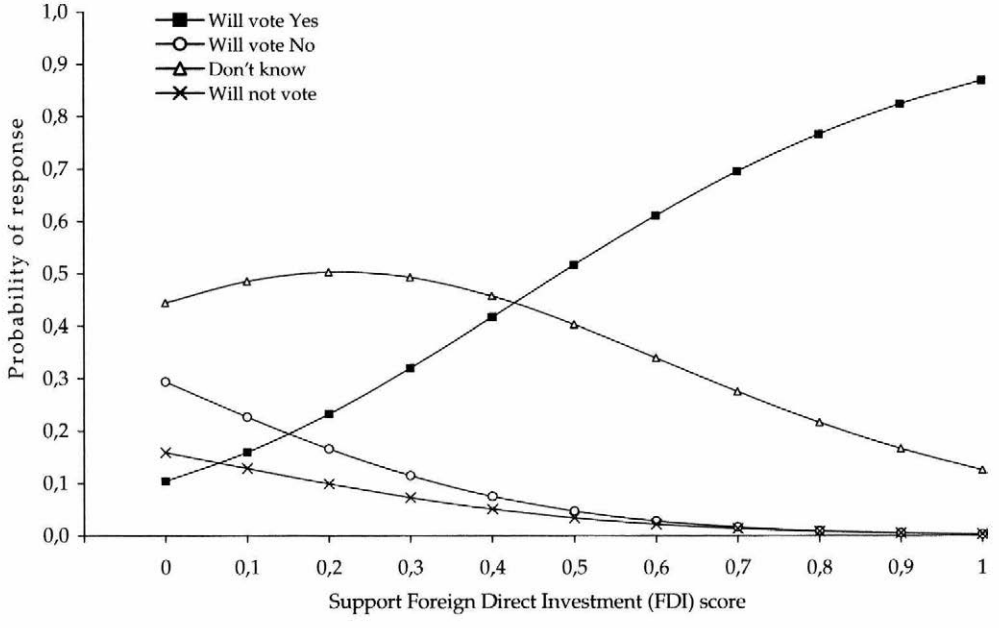
1975 and 1992. If the Heckscher-Ohlin logic is correct these results suggest that the pattern of public opinion in the Czech economy is better typified as one stemming from a capital-rich rather than a labour-abundant economy.

Turning our attention now to the willingness of workers to take advantage of the opportunity to work outside of the Czech Republic in another EU member state, we find that a willingness to work elsewhere in the EU following membership (H.5) increased the likelihood of voting for accession considerably (p=+.38) and reduced the probability of giving an uncommitted answer (p=–.17). This free movement of labour variable is in fact the most powerful factor identified in our trade liberalisation model and represents an interesting extension of Gabel's [1998a] work.

Foreign Direct Investment (FDI) Model

The results shown in the third column of Table 4 indicate that positive attitudes toward the economic benefits of FDI (as predicted in H.6) are strongly correlated with support for accession. According to the estimated model, respondents who

Figure 1. Probability of supporting, opposing, being uncommitted, or not voting in the accession referendum by support for foreign direct investment (FDI)



Note: The scores for FDI indicate low support (0) or high support (1). The predicted probabilities relate to the likelihood of giving a specific response for a given level of support for FDI. Predicted probabilities calculated using a procedure developed by Tomz et al. [2003].

favoured foreign direct investment in the Czech Republic were much more likely to say they would vote 'yes' (p=+.84) than vote 'no' (p=–.37). Moreover, as Figure 1 demonstrates these pro-FDI respondents were also unlikely to give a non-committal or 'would not vote' response.

The association between seeing 'positive benefits for EU membership' and being supportive of FDI is very high (eta=.70). It is interesting to note that there are less strong statistical associations between FDI and being an economic winner from the post-communist transition (tau b=.34) or having a free market orientation (tau b=.35). Such bivariate analyses suggest that in the minds of Czech citizens FDI was strongly associated with the benefits of EU membership.

In sum, accession meant investment and consequently increased employment opportunities. However, these benefits were likely only to accrue directly to those working in foreign firms and those employed in domestic industries using advanced technologies and more particularly those working in the services rather than manufacturing sectors [Ayyagari and Kosová 2006]. While we have insufficient survey data to test these occupational differences, the general picture is one where overall public opinion in late 2001 judged FDI policies to be a success, and that accession to the EU would further this virtuous cycle of increased competitiveness and employment.

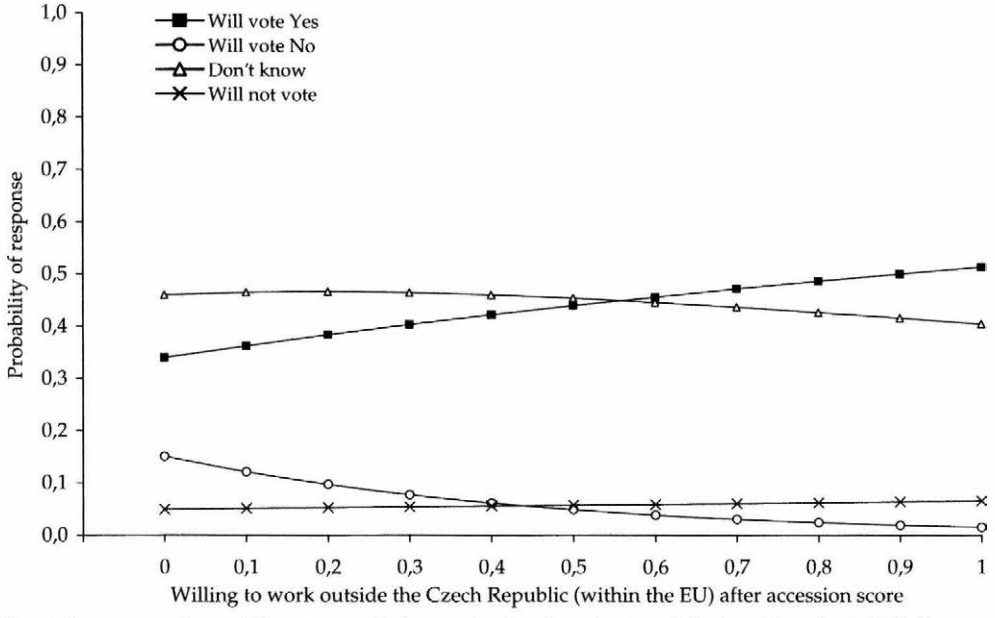
Combined Micro-Economic Explanation Model

Looking at a combined micro-economic model, in the fourth column of Table 4 the most salient feature is the strong impact that FDI had on support for accession along with willingness to pursue employment opportunities elsewhere in the EU. The impact of attitudes toward FDI is quite impressive and is more apparent in a graphical presentation of the model estimates. Figure 1 reveals that the probability of supporting accession increases from 10 to 87% as a respondent moves from being against FDI to being fully supportive of it.[14]

In contrast, Figure 2 shows that the impact of being positive about the opportunities of increased labour mobility with accession is much less pronounced. Those who were certain that they would not look for employment outside the Czech Republic after EU membership were not strongly against accession. Moreover, those individuals who were very likely to look for work outside of the Czech Republic within the EU were split in a ratio of 5 to 4 in favour of accession or not expressing an opinion.

[14] The predicted probabilities in Figures 3 and 4 were calculated using a stochastic simulation procedure implemented using Clarify 2.1 module within STATA 9.1 [King, Tomz and Wittenberg 2000; Tomz, Wittenberg and King 2003]. Where appropriate, all independent and control variables were held at their mean values or set to zero in the case of dummy variables. Household income was set to its modal value. The reported probabilities are the mean of one thousand (Monte Carlo simulation) estimations.

Figure 2. Probability of supporting, opposing, being uncommitted, or not voting in the accession referendum by willingness to work elsewhere within the EU following accession



Note: The scores for willing to work (outside the Czech Republic) within the EU following accession indicate low likelihood (0) or high likelihood (1). The predicted probabilities relate to the likelihood of giving a specific response for a given level of support for willingness to seek work opportunities within the EU following accession. Predicted probabilities calculated using a procedure developed by Tomz et al. [2003].

The exact source of such ambivalence is difficult to determine. There was no public discussion in late 2001 about EU-15 member states restricting the mobility of Czech workers following accession. Arguments that Czechs may have been doubtful about the likelihood of completely free movement of labour following accession are therefore difficult to sustain on the basis of the contemporary evidence.

This suggests that a key economic reason for supporting accession in the Czech Republic related to employment. Significantly, the economic logic implied by the Heckscher-Ohlin theory highlighting the differences between different (skilled) segments of the labour force seems to have been less important than attitudinal factors. Moreover, although Tucker, Pacek and Berinsky's [2002] 'winners and losers' model does help to explain popular support for accession in the Czech Republic, it is not as powerful an explanation as those variables (i.e. FDI and labour mobility) that relate to future business and employment opportunities.

However, the variables in our winners and losers model have more powerful effects in explaining when respondents were likely to state that they would vote 'yes' rather than say 'don't know' or 'will not vote'. In short, the winners and losers model would appear primarily to refer to whether Czech citizens were interested or engaged in the accession issue. Attitudes toward current and future general economic prospects exhibited similar characteristics. Having examined in some detail the micro-economic explanations of support for accession, it is important to evaluate a competing explanation of mass orientations toward the EU.

Identity Model

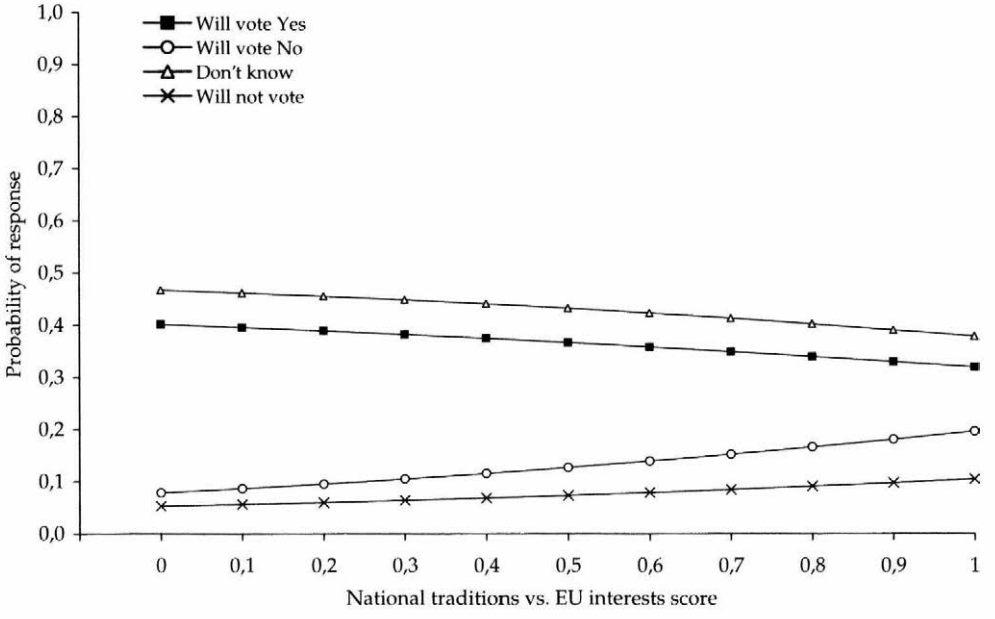
In our identity model we included variables for national and sub-national (local area and region) territorial attachments. Moreover, the identity model also includes items capturing perceived threats to national interests and a loss of sovereignty. Details of these variables are given in the appendix. This set of seven variables represents a useful collection of measures to evaluate many of the key themes highlighted in previous research assessing the link between identity and attitudes toward the EU. Preliminary summated rating scale analysis reveals that this group of items do not refer to a single identity scale as the average inter-item correlation is rather low (r=.04). Moreover, this analysis shows that loss of sovereignty, defending national interests, and local identity are negatively correlated with national pride and identity at the regional and national levels.

Such results suggest that sense of identity in the Czech Republic and attitudes toward the EU are dependent on the primary level of identity felt by the citizen. If the respondent had a strong sense of local identity they were likely to be less in favour of accession than those with a higher territorial attachment. The coefficients presented in the penultimate column concur with the basic logic expressed in H.7c. However, the evidence presented in Table 3 suggests that level of identity is not likely to be statistically important in explaining variation in support for accession. This is confirmed in the results presented in column 5 of Table 4.

In fact, the results presented in Table 4 confirm the remaining two hypotheses for the identity model (H.7a, and the first part of H.7b). The main impact of having a 'defend the national interest' orientation was to increase the probability of voting 'no' (p=+.16) or replying 'don't know' (p=+.09). If we examine Figure 3 we see that the overall effect of this variable is to reduce support for accession (p=+.16), or replying 'don't know' (p=+.09). However, these effects in comparison to those noted earlier for FDI are relatively weak.

In contrast, the primary effects of thinking of accession as involving a loss of sovereignty or seeing party politics as a defence of national interests against the EU was to motivate the expression of definite rather than non-committal respons-

Figure 3. Probability of supporting, opposing, being uncommitted, or not voting in the accession referendum by belief that party politics is primarily shaped by national traditions versus EU interests



Note: The scores for the belief that party politics is shaped by national traditions vs. EU interests indicate low belief in this cleavage (0) or strong belief (1). The predicted probabilities relate to the likelihood of giving a specific response for a given level of belief that party politics is primarily shaped by national traditions vs. EU interests. Predicted probabilities calculated using a procedure developed by Tomz et al. [2003].

es. However, having these opinions did not dramatically increase the probability of being negative toward accession (p=+.01 and +.02 respectively).[15]

In overall terms, the identity model fails to explain much of the variation in Czech support for accession (R-squared=.09) for two main reasons: (a) variables such as loss of identity were not strongly associated with intended vote choice in the accession referendum, and (b) many of the other variables of interest involved small numbers of cases resulting in coefficients with the hypothesised effects in Table 4 though lacking significance. In our final set of analyses, we will endeavour to assess whether economic or identity factors had the most powerful effects on shaping preferences in the Czech accession referendum.

[15] It should be noted that this group of respondents constituted less than 4% (n=41) of the total sample. Therefore, these effects are of more interest in terms of a future Eurosceptic orientation among Czech voters.

Is identity more important than economics?

Previous research which has examined if economic or national identity considerations have a stronger impact on public opinion toward the EU found that identity was more important [Hooghe and Marks 2004, 2005]. This was the situation within the EU-15 member states in 2002. With regard to the 2004 accession states there is insufficient research to demonstrate if a similar pattern prevails. However, as noted earlier Rohrschneider and Whitefield [2004, 2006: 147] using survey data from the 1990s have argued that public opinion on the EU in post-communist states is better explained by political and economic values than by instrumental economic considerations. Here we will explore whether identity rather than economics was the driving force behind support, or opposition to accession in the Czech Republic.

In our final model, we test a combined economic and identity model with the goal of observing which specific variables retain significance. This facilitates testing which variables from our various economic and identity models have the greatest impact in explaining variation in preferences for accession. The multinomial logistic regression analysis shown in the final column of Table 4 reveals that our economic variables remain the strongest predictors of support for accession. The only identity model measure to exhibit a similar level of significance was the item related to perceiving party politics in terms of 'national traditions vs. EU interests'. Those who saw party politics in this manner were, as expected, more likely to vote against accession (p=+.13).

Using information measures of model performance it is possible to investigate which model provides the 'best' fit. Using the Akaike information criterion (AIC) or the Bayesian information criterion (BIC) the model with the smallest value is considered to be the most superior. The results presented at the very bottom of Table 4 demonstrate that the full economic model outperforms the identity model by a considerable margin. Moreover, the best individual model of the six tested is the FDI explanation. In contrast, the identity model provides the poorest explanation of all the models tested. Therefore, it is clear that economics was more important than identity for Czech voters in considering how to vote in the accession referendum.

Conclusion

In this article we have examined how economic factors influence citizen support for European integration. We have seen that mass support for integration involves consideration of two debates: a) Which is more important in explaining mass support for accession – instrumental economic preferences or identity-based considerations? b) Do models of mass support for integration developed in Western Europe also apply in Central and Eastern Europe? In reviewing the literature surrounding both of these debates it is obvious that further empirical research is required.

The evidence presented in this article has shown with regard to the first debate that within the Czech Republic in late 2001 economics was more important than identity in explaining support for EU membership. This is not to suggest that concerns over loss of sovereignty, fears about defending national interests, or perceiving politics as revolving around a national tradition versus EU interest axis were not important. Rather they were very much less important in explaining support for accession than economic considerations.

With regard to the second debate the evidence presented shows that models of mass support for integration developed over the last three decades in Western Europe do have application in countries such as the Czech Republic. Our brief literature review revealed that there are no definitive economic models of what drives mass support for integration. Rather there are different types of economic explanations. In this article, we have shown with regard to conditions prevailing in one country in Central and Eastern Europe the importance of economic considerations as a motivating factor in explaining individual level support for EU membership.

The results presented illustrate that the influential 'winners and losers' explanation of support for integration was less important than attitudes toward FDI in the Czech Republic. However, this difference warns us of the importance of i) timing and ii) choice of dependent variable. Different research results relating to vague proposals for future accession, vote choice in a future referendum, and attitudes toward integration post accession undoubtedly refer to qualitatively different things for respondents.

Now that the citizens of Eastern and Western Europe live within the EU we are in a better position to compare 'like with like' and hence develop pan-European explanations of mass support for integration. In this respect, some of the results presented would seem to support Eichenberg and Dalton's [1993: 510] proposition that if the EU 'has promised anything, it has promised the enhancement of member states' economic welfare'. Of course, the quip 'it's the economy, stupid' represents only one aspect of how citizens evaluate the integration process. However, it is economics that has most often been used to 'sell' the European project during successive enlargements. Therefore, it seems sensible to think that it will inform attitudes toward the benefits of continued EU membership.

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Appendix

The analysis of public attitudes toward accession in the Czech Republic relies on a mass survey fielded in late October 26 and early November 5 2001 – eighteen months before the referendum in mid-June 2003. This survey was managed by the Centre for Public Opinion Research (CVVM). This is a specialised section within the Institute of Sociology of the Academy of Sciences of the Czech Republic. This survey has a typical methodology for this series of opinion polls. This national face-to-face national survey interviewed 1199 adults aged fifteen years and older using quota sampling on the basis of region, size of community, sex, age, and education. There were almost two hundred interviewers (n=193) who undertook an average of six interviews each. In the analysis in this paper, respondents aged seventeen years and under were excluded, as they would not have been eligible to vote in June 2003. This leaves a sample size of 1140. The sample is representative of the entire territory of the Czech Republic with a mean of 16 interviews undertaken in each Primary Sampling Unit (PSU) – the district (*okres*) (n=71). The response rate for this survey is unknown. No weighting variables were produced to reflect, for example the size of the household from which a respondent was selected. Two versions of this survey data exist. The first is part of a pooled survey series deposited at the German Social Data Archive, Cologne, where all variable labels and documentation are in English. The second version is available from CVVM in the Czech language only. This dataset has a much more extensive set of variables and is the one used in this paper.

Independent Variables

Winners and Losers Model

Winner in the post-communism transition process

A summated rating scale was derived from the following seven survey items. For brevity only those options of direct interest are reported. (1) positive rating of current economic situation of the household, (2) good household economic situation in five years time, (3) household has sufficient income, (4) household has been able to save in the last five years, (5) the household has a video cassette recorder, (6) the household owns a car, (7) the respondent has access to the internet. This scale has a Cronbach alpha of .70.

Free market orientation

Which general political attitude do you most strongly support? The respondent was only allowed to pick one option from a set of five or reply other, none or don't know. (1) Pro market.

Positive feelings toward current economic system / economic situation in five years

I would like to show you an evaluation scale on how well the economy functions. The best score is plus 100 and is on the top end of the scale; the worst score is minus 100 and is at the bottom of the scale. (b) Please locate on this scale our current economic system. (c) Please locate on this scale our economic system in five years. Non-committal responses were coded to the midpoint of the scale, i.e. zero.

International Trade Liberalisation Model

*Skill level of the respondent * relative GDP per capita in region*

Skill of respondent as indicated by level of education (elementary, secondary or university). Incomplete secondary education is the reference category. Each of these variables was used to create an interaction variable with the relative per capita GDP of the region (*kraj*) where a respondent lives. The GDP data for 2001 is taken from figures published by the Czech Statistical Office.

Willing to work outside the CR after accession

Are you personally interested in working in one of the EU member countries after the Czech Republic joins the EU? This item had seven response options: (a) Yes, will definitely try; (b) Yes, might try; (c) Would be interested if offered a job; (d) It's too early to say; (e) No, probably will not be interested; (f) No definitely not interested; (g) Don't know. The few don't know responses (n=40) were recoded to the modal category – option (e). Recoded 1=1, else=0.

Foreign Direct Investment (FDI) Model

A summated rating scale constructed from a series of five items asked in sequence on various aspects of foreign direct investment (FDI). Respondents were given a number of options. For brevity only those of interest are reported here. (1) Foreign direct investment makes the economy better; (2) Foreign direct investment builds up new companies, which helps the Czech economy; (3) Czech govt. should not support Czech companies to retain market share; (4) Czech govt. should encourage foreign investment in Czech companies; (5) State authorities should encourage foreign direct investment. The most positive response was coded as 1 else 0 to capture support for foreign direct investment. This scale has a Cronbach alpha of .75.

Identity Model

Do you think that Czech membership in the EU will bring ... (d) EU membership will bring no loss of sovereignty

Which general political attitude do you most strongly support? The respondent was only allowed to pick one option from a set of five, or reply other, none, or don't know. (4) Defend national interests.

Are you proud of the country's citizens? (1) Very proud, (2) Somewhat proud, (3) Not proud, (4) Not at all proud, (5) Don't know. Recoded 1=1, else=0.

I am going to show you some reasons where people allege there are differences between political parties in our country. Which of the following statements best represents these differences? (6) Some political parties support national tradition, while others stress the merits of European integration.

Which of the following options do you most closely identify with? And which option do you identify with secondly? (1) Local community or town where you live, (2) Region, (3) Country, (4) Europe, (5) Other, (6) Don't know. Please note that for this research only the first options were used.

Control Variables

Control variables are not reported because of (a) space constraints and (b) they are not the primary focus of the models presented.

Female (coded as 1)

Only those eligible to vote in the referendum in June 2003 were included, 17yrs+

Level of urbanisation of a region, taken from Czech Statistical Office (2001)

Respondent works in a state owned enterprise

Respondent works in the state bureaucracy / civil service

Respondent works in the private sector in a Czech-owned business

Respondent works in the private sector in a foreign-owned business

Respondent is unemployed

Household income < 499 CZK per month (third category used as base)

Household income 500-1999 CZK per month

Household income 5000-19 999 CZK per month

Household income 20 000-99 999 CZK per month

Household income 100 000+ CZK per month

Level of religious belief (atheist, agnostic, believe in god)

All regions, except Prague (n=13) were included as dummy variables to capture any variance not dealt with by the other regional variables such as urbanisation. Apart from the need for a reference regional variable, preliminary analysis also indicated that using a single Prague region variable resulted in collinearity with a number of other variables, such as income, urbanisation, and unemployment. In preliminary models each region's relative per capita GDP was included as a separate variable, but these variables had insignificant effects. Level of education is not used as control variable, as it was used to measure the skill level of the respondent.

Non-Response in Probability Sample Surveys in the Czech Republic*

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Abstract: In this article the problem of survey non-response is examined with special reference to probability sampling in the Czech Republic. Non-response rates among Czech respondents in ISSP surveys between 1995 and 2005 were almost twice the rate recorded between 1991 and 1995 (25%). Such trends point to a decline in the 'survey climate'. While non-contacts and refusals in surveys are a significant problem, issues relating to how fieldwork is undertaken are equally important. The large fluctuations in non-contact rates and the relative success of the Czech Statistical Office in attenuating non-response rates demonstrates that prudent surveying strategies can be effective. An examination of two waves of the European Social Survey (ESS) reveals both the problems and potential strategies available for response rate enhancement. In this respect, all survey designers face the dilemma of balancing the benefits of data accuracy with increasing logistical costs. Improvement in survey quality necessitates consideration of many issues and the ability to make sensible trade-offs between competing research objectives.

Keywords: survey research in the Czech Republic, response rates, non-response trends, fieldwork strategy
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Introduction

This article deals with the issue of non-response rates in social survey research in the Czech Republic. It examines current trends and provides an in-depth analysis of this issue using the first two waves of the European Social Survey (ESS) in the Czech Republic.

The capacity of any quantitative analysis to provide evidence about social reality depends largely on the quality of the data gathered. Mass surveys, based

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on interviewing population samples, are among the most commonly used sources of data, and the quality of their analysis derives directly from how well these surveys represent their target populations. The level of representativeness depends on a number of factors. Key concerns are the level of coverage of the target population, the size of the sample, and the appropriateness of the sampling method used. Moreover, the degree to which researchers are able to reach and interview the selected respondents is of fundamental importance. Consequently, survey response rates are one of the key indicators of the quality of all survey data.

There are various ways of monitoring response rates, but essentially it is a matter of the ratio of the number of completed survey questionnaires received back and processed to the number of questionnaires distributed to eligible addresses in the sample. Complementary survey non-response is the failure to obtain data from the entire sample selected for interview. There are two main types of survey non-response. First, there is 'item non-response', where some respondents do not answer specific questions in an interview. Second, there is 'unit non-response', where specific individuals (or households) selected for an interview do not take part in the survey. This article will focus on unit non-response, as this is the most salient problem for all survey research.

The majority of surveys involve obtaining the voluntary cooperation of respondents. However, practical circumstances (e.g. the unavailability of the appropriate sampling frames, regulations pertaining to the protection of personal data, etc.) in many countries require the application of complicated sample designs. In addition different groups in the population maintain lifestyles that make it difficult to contact their members. There are also a number of organisational factors that can result in the failure to interview selected respondents. Therefore, achieving a satisfactory response rate can pose quite a problem. The successful processing of all the distributed questionnaires, that is, achieving a hundred-percent response rate, practically never occurs.

Based on experiences the prevailing wisdom among researchers is that since the mid-1990s there has been a dramatic decline in the response rates of sample surveys conducted in the Czech Republic. This view gives rise to serious concern about the future prospects of Czech social research.[1] However, little scholarly attention has yet been devoted to this issue in the Czech Republic. Detailed examinations of response rates have been the subject of some reports prepared within the framework of individual research projects [e.g. Tuček, Gatnar and Krejčí 2000], but such texts, prepared for survey subscribers, are not often available to the wider public. There is also a book-length examination of the quality of political survey's estimates of voter preferences that draws attention to the issue of response rates [Krejčí et al. 2004]. However, to date there has been no

[1] This issue was discussed, for example, in the panel discussions 'What Methodology for Czech Sociology?' and 'Research Infrastructures' at the conference 'Czech-Slovak Sociology Days' in Prague, 10–12 May 2005. http://web.soc.cas.cz/cssd/.

comprehensive study of the nature and potential impact of survey non-response on the quality of survey data generated within the Czech Republic.

The problems evident in Czech survey research do not always confirm the prevailing opinion of continual decline. There are also surveys with relatively high response rates, and, for example, the two Czech surveys conducted as part of the research programme of the European Social Survey (ESS) achieved substantially different outcomes. In the survey conducted in 2002–2003 the response rate was 43.5%, while in 2004 the response rate during the fieldwork was 71.0%.

The ESS is an international academic research programme that espouses strict methodological standards. Both waves of this survey conducted in the Czech Republic adhered to most of the methodological requirements stipulated by the ESS, but they differed in the emphasis put on applying procedures aimed at increasing response rates. In the context of the problems surrounding response rates, it is important to examine what factors may have contributed to generating such varied outcomes. However, owing to the marginal amount of attention devoted to the issue of response rates in the Czech Republic it is first necessary to look at the issue more generally and describe the current Czech situation.

Consequently, this article will focus on three key themes. In the first section, there will be a general overview of the issue of low response rates in survey research. This is followed by an examination of the non-response trend in the Czech Republic. The third section discusses differences in response rates in the first and second waves of the European Social Survey in the Czech Republic. In the final section some concluding remarks are made regarding the evidence presented.

The problem of non-response in sample surveys

A low response rate is often regarded as one of the main sources of variable variance and bias in mass survey estimates [see, e.g., Särndal and Lundström 2005; Dillman et al. 2002; Biemer and Lyberg 2003], though the linkage between non-response rates and survey errors is not direct and may even be absent [see Groves 2006]. There is a consensus among scholars and pollsters that response-rate trends have been declining, and that this fact poses one of the most serious problems affecting contemporary quantitative social science research [e.g., Bradburn 1992; Bogart 1987; Särndal and Lundström 2005: 11–15].

Two main reasons are most often cited as the cause of this decline in response rates. The first reason paradoxically stems from the boom in the research industry. The number of surveys undertaken each year has been increasing for decades. According to estimates in advanced industrial countries the majority of potential respondents have been surveyed, often several times, and the population could be described as 'over-surveyed'. People moreover have difficulty distinguishing between surveys and direct marketing, which competes with survey research by infringing on the privacy of respondents. The result is an overall in-

crease in refusals. The second reason relates to changes in lifestyle, which make it increasingly more difficult to reach the respondents selected for interview and therefore cause an increase in non-contact rates.

Non-response trends

Steeh [1981] reports a large increase in the number of refusals in survey research in the United States between 1952 and 1979. This decline in response rates has subsequently been confirmed in numerous analyses focusing on different survey programmes in various fields of research and in individual countries. However, it is not easy to document general trends because there are big differences between survey methods and their consequences, and the situation varies also between countries and different research fields and topics. There have been few long-term research programmes based on a stable methodology that would enable a deeper evaluation of this phenomenon. Those that do exist do not encompass all fields of research and moreover their analyses have produced ambiguous results.

Several analyses of trends in response rates over time and cross-nationally have confirmed the existence of a general decline [Baim 1991; de Leeuw and de Heer 2002]. While other studies do not dispute the fall in response rates in the past, they do not confirm the continuity of the decline [de Heer 1999; Smith 1995; Steeh et al. 2001; Groves and Couper 1998: 156–172]. According to practitioners from survey agencies [e.g. Sheatsley 1987] it is still possible to attain high response rates, but it requires more effort and higher costs in organising the research. This observation can be readily seen in the outcomes of surveys that emphasised the use of a rigorous data quality methodology, for example, surveys conducted by statistical offices or the General Social Survey in the United States [de Heer 1999; Groves 2004: 145–153; Smith 1995]. These studies regularly achieve a response rate of at least 70% in countries where a significant fall in response rates has been registered.

However, there tends to be enormous differences between outcomes when different methodologies are used. The Council for Marketing and Opinion Research (CMOR) conducts the 'Respondent Cooperation and Industry Image Study' and monitors the response rates of many different surveys.[2] Among other things, its studies reveal that the response rates of commercial telephone surveys conducted in the United States are often below 25%. Steeh et al. [2001] studied the response rate of commercial surveys conducted using the 'random digit dialling' (RDD) method. According to their findings, in the 1960s and 1970s there was a sharp increase in non-response and especially in refusal rates. This trend subsided in the 1980s and 1990s, and now survey response rates appear to be stable. However, the nature of non-response has also been changing, to the detriment of measurement accuracy, owing to an increase in overall non-contact rates and a decrease in refusals, especially in metropolitan areas, and other reasons.

[2] See the research section of the CMOR website: http://www.cmor.org/.

Inference in surveys with non-response and treatment of the problem

From the perspective of statistical inference, survey non-response has an impact on point estimates in terms of bias and the inflation of variance and bias in the estimators of precision [Dillman et al. 2002: 4–6; Särndal and Lundström 2005; Groves 2004: 158–159]. However, it must be stressed that estimations of error caused by non-response are theoretical, and any exact assessment of the impact of lower response rates is usually problematic. This is because the non-response error does not stem from the non-response rate as such, but is the result of the extent of the differences between the attitudes and characteristics of respondents and non-respondents with respect to the measured phenomenon. At the same time, relevant data on non-respondents are by definition missing. Groves [2004: 133] summarises this approach with the following equation.

$$\text{RESPONDENT VALUE} = \begin{array}{l}\text{FULL SAMPLE VALUE + (NON-RESPONSE RATE) x} \\ \text{(RESPONDENT VALUE – NONRESPONDENT VALUE)}\end{array}$$

If the attitudes of respondents and non-respondents are the same then a low response rate does not matter. Several empirical studies confirm this fact, describing situations when higher non-response did not lead to higher biases [e.g. Keeter et al. 2000; Merkle and Edelman 2002: 253–255; Groves 2006]. However, many analyses have shown that response rates are correlated with population characteristics and thus also associated with biases of estimations. On the other hand, the impact of these correlations does not usually invalidate the results of a survey and can be often corrected by weighting [e.g., Stoop, Iedema and Louwen 2000; Keeter et al. 2000]. These relationships also depend heavily on the topic of research [e.g. Zaletel and Vehovar 1998], and they do not affect all variables equally [e.g. Joye 2004], so the impact of non-response on survey data quality cannot be generalised.

While non-response error cannot be ignored, it is often not possible to make any reliable estimate of its size. Although many researchers consider the sample survey method to be relatively robust, non-response has the potential to be the source of some unpleasant surprises. One of the consequences of this lack of transparency is that non-response error is not usually taken into account in survey estimates and statistical tests. However, a low response rate is often regarded as sufficient reason for commissioning agencies, researchers, journal editors, and other users of data to question the accuracy of survey research results. This is reflected in the substantial effort invested in developing and applying methods aimed at increasing response rates and reducing non-response error.

Statistics offer two basic approaches to addressing non-response: imputation and weighting. Imputation means substituting the values for missing units with estimates developed on the basis of auxiliary information obtained in the research or from other sources. But in the case of unit non-response this is often not feasible. The most frequently used weighting procedures are based on com-

paring the socio-demographic characteristics of surveys with those published in official statistical sources. On the basis of observed differences weights are assigned to cases in the data file with the objective of matching the profile of the sample dataset with the known composition of the target population. However, Joye [2004] has shown that other variables, such as participation and social integration, which have only an indirect relationship to the 'objective' criteria normally used in weighting, may also be strongly correlated with the propensity toward non-response.

Post-fieldwork adjustments of survey data can reduce the level of error, but such procedures cannot fully make up for data that are missing. However, there are a number of methods used to improve response rates that are applied in the survey preparation phase and in the course of data collection. Among the most frequently used strategies [Biemer and Lyberg 2003: 91–115] are advance letters of introduction, providing incentives to respondents, increasing the number of contact attempts and call-backs, adopting techniques of refusal conversion, adapting the timing of fieldwork to match respondents' lifestyles, constructing questionnaires with due regard to respondent burden and likely interest in the content of the survey interview, improving interviewer selection and training, and utilising mixed modes of interviewing, etc.

It should be always borne in mind that the objective here is not only to increase the response rate but also and primarily to reduce non-response error. Some methods can help increase response rates, but they can also have the unintended consequence of increasing the level of bias in a survey. Techniques of refusal conversion, for example, do not help if the main source of bias is the low representation of hard to reach groups within the population. Similarly, incentives to encourage respondents to participate must be applied cautiously, because different groups of the population respond to 'prodding' in different ways. It should also be remembered that the key issue of survey data quality is efficiency. In short, efforts devoted to ensuring survey accuracy need to be tempered by cost considerations. Therefore, careful thought needs to be given to the kinds of remedial methods implemented.

The response rates are affected by a number of mutually inter-connected factors. Some of them, such as the social context and the respondent's lifestyle, are beyond the researcher's control, but they are important sources of the potential biases caused by non-response. Addressing other factors, such as the performance of interviewers, is not just a task that lies within the scope of how a single survey is organised, but is often the result of long-term systematic work. Successful strategies for reducing non-response error are therefore usually based on the combined use of various methods, the selection of which depends on external circumstances. Fortunately, there is currently a substantial amount of literature available on the effects associated with the use of various surveying methods, and theories on survey participation [e.g. Groves and Couper 1998] provide the necessary conceptual foundations for assessing the strategies aimed at reducing non-response.

Non-response trends in probability surveys in the Czech Republic

Before the Velvet Revolution in 1989 very specific conditions existed in Czechoslovakia for conducting sample surveys. Social research was controlled by the totalitarian regime. As a result, relatively few surveys were conducted and their thematic focus was restricted. Interaction with respondents took place in an atmosphere of suspicion, where overt expressions of loyalty to the regime were obligatory. Given these special circumstances it is not surprising that the decline in response rates described in many Western countries was not witnessed in Czechoslovakia during the 1970s and 1980s.

Survey climate

After 1989 survey research underwent a fundamental change for a number of reasons. The number of public opinion surveys grew substantially, and a new and large sector of market research emerged. Moreover, the country became involved in international academic research programmes. At the same time the external conditions in which research has been conducted changed in distinct ways [see Krejčí 2004].

First, at the end of 1992 Czechoslovakia was divided into two separate states, the Czech Republic and Slovakia. This led also to the gradual division of research structures. Second, probability sampling has become significantly more complicated. Since 1993 researchers have not had access to the Central Population Register. Since 2001 the database of households, which is maintained by the Czech Statistical Office, has only been open to researchers working on official statistical surveys. The quality of samples based on the commercial database of addresses from SIPO, a service through which the public can make regular bill payments, is now questionable given the widespread availability of alternative means of making payments. These constraints resulted in a lack of quality sampling frames, which complicates the design of samples and increases costs. Third, since 2002 strict legislation has applied to the protection of personal data. This further complicates the process of sampling, collecting, and processing data.

However, not all changes to the survey climate have been institutional in nature. Lifestyle changes stemming from the political and economic transition process have also had an important impact, not only on the topics examined in survey research, but also on the manner in which the research is undertaken. One example of this process is that some population sub-groups have become harder to contact. Rising crime rates have made it more difficult for interviewers to establish contact with increasingly wary respondents. The main entrances of residential buildings now tend to be locked and the initial moment of contact occurs through an intercom. It is also harder to gain the public's trust. The rise in the number of marketing activities has contributed to a greater emphasis on protecting the privacy of individuals.

Negative experiences from the totalitarian past have resulted in a prevailing fear about the abuse of personal information on individuals and households. For example, the Czech survey on Social Stratification in Eastern Europe after 1989 became the target of a massive assault from the media. During the course of data collection in 1993 researchers were accused of preparing a database of information on individuals for use in an anti-reform plot. This led to a decline in the response rate of this survey. Even official statistical surveys such as the 2001 Census have been accused of misusing information, and the need to collect such data at all has been called into question.

Survey non-response

These changes have been accompanied by unfavourable developments in response rates. Despite the lack of any systematic research on outcome rates the prevailing wisdom within the Czech survey-research community in this respect may be summarised as follows:

(a) In the mid-1990s there was a sharp increase in non-response rates in Czech surveys.
(b) In the following decade this trend accelerated.

Unfortunately, it is not possible to make an extensive and in-depth analysis of the trends for three main reasons. First, the examined period is not long, because social research has only been developing freely in the Czech Republic for a short time – less than two decades. Second, there are few publicly accessible probability surveys that allow a detailed monitoring of non-response rates. Many important surveys have been based on quota samples and do not provide relevant data on response rates.[3] Third, the circumstances described above also mean that there is no long-term survey that has not been affected by significant changes in its methodology, and thus identifying the causes of non-response can be difficult. Nevertheless, there is still enough evidence to evaluate the validity of the above-mentioned conviction generally shared by experts.

Standards for publishing information on response rates have not been generally established in the Czech Republic. Consequently, such information is not

[3] The number of refusals can be reported also for quota samples, but it provides only limited information about the non-response problem and is incomparable with outcomes of probability surveys. At the same time, in quota surveys interviewers are less motivated to interview hard to reach and less compliant members of the population, and the potential for error is consequently even greater. The higher level of obscurity of the non-response problem in quota surveys and its possible risks is one of the reasons why quota samples are a less preferred survey method [e.g. Kaase 1999]. On the other hand, for example, Groves shows that the problem is more complicated and with respect to non-response in both probability and non-probability sample surveys, researchers are required to deal with the same set of methodological questions, but they have different resources to answer them [Groves 2006: 667–668].

available for a number of surveys. In other cases response rates are overestimated because not all types of non-response are included. For example, there is a tendency to ignore interviewer failures, and at some agencies these are the source of as much as one-third of all non-responses. Sometimes only refusals are taken into account, so what is really being reported is the 'cooperation rate'. If such information is used in the place of the total response rates, which happens regularly, the result is an underestimation of the risk of biased inferences resulting from non-response error. However, concealing or providing incomplete information on response rates is an infringement of professional standards and against the rules of the international associations such as WAPOR, ESOMAR and EFAMRO [see Smith 2002], and SIMAR, the professional market research association in the Czech Republic.[4]

Therefore, only surveys that are publicly accessible and whose metadata include a detailed breakdown of outcomes allowing a comparison of response rates have been used. Calculations of survey response and non-response rates are based on definitions specified by AAPOR [2006]. All types of non-response are taken into account, except incorrect or unoccupied addresses and administrative errors connected with the sampling process.

Figure 1 presents non-response trends in the area of academic research. These are Czech surveys conducted as part of international research programmes, and I have used them because they provide all the necessary information for analysis. All surveys are based on probability sampling of individuals from the general adult population and face-to-face interviews.

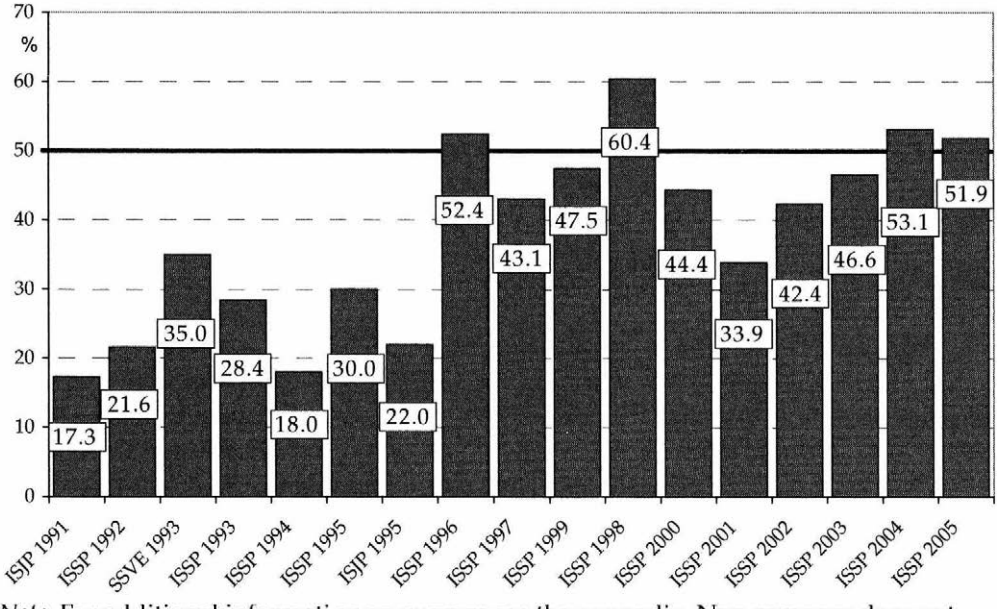
However, the surveys differ in terms of their research topics and methodological details. (More information is given in the appendix.) The majority of these surveys were conducted as part of the ISSP and were organised by the Institute of Sociology of the Academy of Sciences of the Czech Republic, so there are a number of similarities in the methods used and in the background of the surveys.[5] In the case of Czechoslovak surveys, only the data for the Czech part of the survey are presented.

Research surveys carried out at the start of the 1990s exhibited in comparative terms a relatively low level of non-response. The Social Stratification in Eastern Europe (SSEE) study of 1993, which had the highest rate of non-response

[4] The World Association for Public Opinion Research (WAPOR), the World Association for Marketing Research (ESOMAR), the European Federation of Associations of Market Research Organisations (EFAMRO), and the Association of Market and Opinion Research Agencies (SIMAR). The main Czech research agencies are members of at least one of these organisations.

[5] The International Social Survey Programme is a long-term comparative research project, in which each year a survey with an identical module of questions is conducted in each of the participant countries. As of 2006 there are 41 member countries. The Czech Republic has been conducting the ISSP survey since 1992; all Czech ISSP surveys are based on probability samples. See the ISSP website: http://www.issp.org.

Figure 1. Non-response in selected academic surveys in the Czech Republic, 1991–2005 (%)

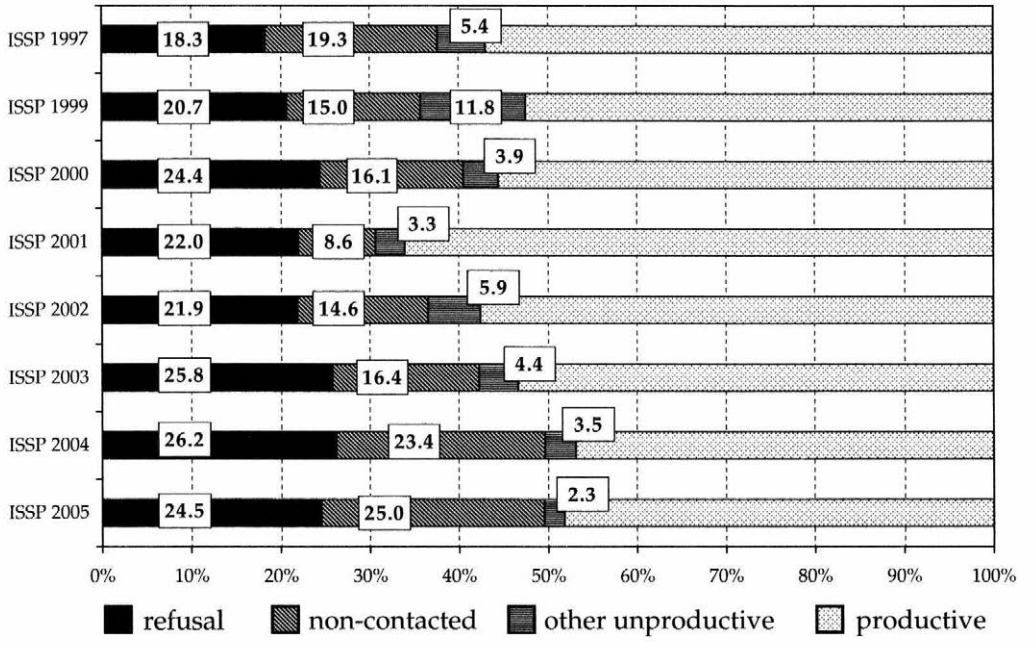


Note: For additional information on surveys see the appendix. Non-response does not include ineligible addresses, i.e. out-of-sample and vacant housing units and non-residential addresses.
Source: Sociological Data Archive, Institute of Sociology AS CR.

among surveys conducted in the first half of the 1990s, was accompanied by a negative media campaign. As a result an initially low non-response rate increased dramatically to a final overall average of 35% [Matějů 1993]. Non-response rates in other contemporary surveys fluctuated between 17% and 30%. This outcome is comparable to the non-response rates recorded in the General Social Survey (GSS) in the United States, which in the years between 1975 and 2004 ranged from 17% to 30% [Davis, Smith and Marsden 2005]. However, with the exception of the SSEE, the outcomes in this period were significantly better than the German Allbus study, which had a non-response rate of 32–48% between 1988 and 1995 [Allbus Datenservice 2007]. It should be noted that the GSS and Allbus are among the most important social-science surveys in their respective countries and both put emphasis on the use of a rigorous methodology.

Although some of the differences in response rates can be ascribed to methodological differences and differing survey topics, Figure 1 clearly shows that there was a substantial increase in the non-response rate in the mid-1990s. In surveys conducted after 1995 the rate of non-response did not fall below 30%. Regrettably it was not unusual for non-response rates to exceed 50%. The data presented in Figure 1 confirm the view expressed within the Czech survey re-

Figure 2. Refusals, non-contacted and other unproductive interviews in Czech ISSP surveys, 1997–2005 (%)



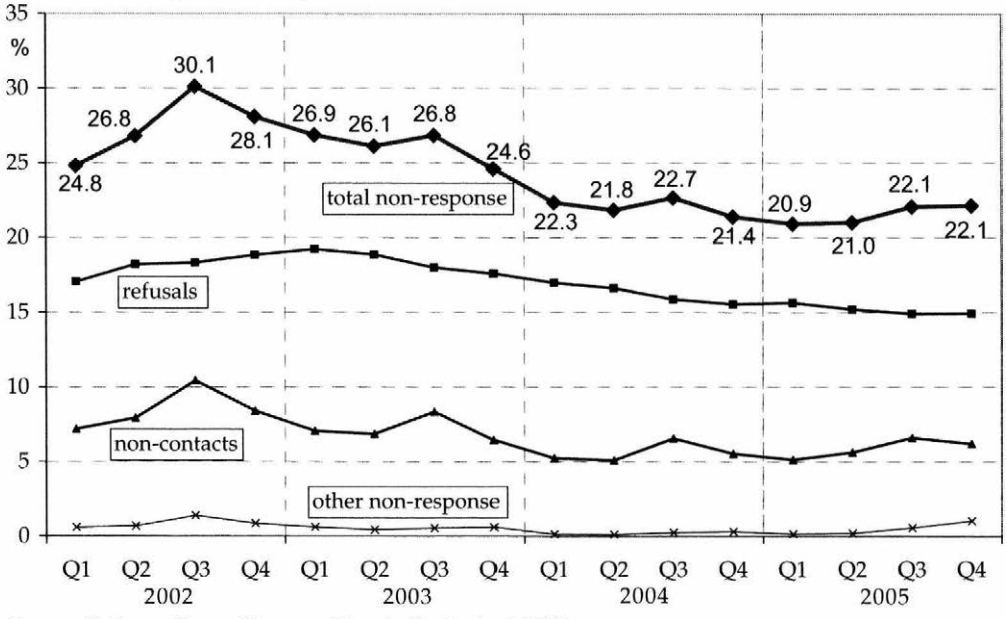
Note: For additional information on ISSP surveys see the appendix. ISSP (1998) is not included owing to missing information on non-contacts.
Source: Sociological Data Archive, Institute of Sociology AS CR.

search community that in the 1990s there was indeed a sharp decline in response rates. In fact, our data reveal that after 1995 response rates never exceeded 70%. Equally important is the fact that the belief that there had been an increase in the non-response rate after 1996 is not supported by the evidence examined.

In Figure 2, which provides a more detailed view of the ISSP surveys conducted between 1997 and 2005, we can see that the differences in response rates are not just caused by changes in the number of refusals and thus the willingness of the public to cooperate, but also stem from differences in the number of non-contacts and other forms of non-response. It is interesting to note that non-contacts do not exhibit a consistent trend, and it would therefore be dubious to try to explain their variations as resulting from external causes alone.

The figures for other forms of non-response are also relatively high. For example, in the ISSP 1999, which had the highest non-response rate, the main source of the problem was failures on the part of the interviewers [STEM 1999]. We can therefore infer that the reason for the considerable differences in response rates, rather than being evidence of a negative trend in the Czech public's willingness to cooperate, are the result of other factors, such as the performance of the

Figure 3. Non-response in the quarterly Labour Force Survey in the Czech Republic, 2002 q1 to 2005 q4 (%)



Source: Labour Force Survey, Czech Statistical Office.

fieldwork agency, the methodology used, timing, and other conditions affecting data collection.

An important factor is certainly the survey topic. For example, the technical report for the ISSP 1996 on 'The Role of the Government' explains the low response rate as a result of the unwillingness of respondents to answer questions on political topics in a period following two national elections [STEM 1996]. Also, the response rates for the ISSP 1998 on 'Religion' were affected by the timing of data collection – during the summer holiday period – and by the topic of the research itself. This is evident from biases in the socio-demographic profile of the sample. There was an over-representation of respondents claiming to belong to a specific religious denomination, a higher than expected level of religiosity, and a relatively high number of Christian Democrat (KDU-ČSL) voters.

It is appropriate at this point to briefly examine an official statistical survey. Here we will look at the Czech Statistical Office's quarterly 'Labour Force Survey' (LFS – *Výběrové šetření pracovních sil*) which is a large household survey (of approximately twenty-six thousand, i.e. 0.6% of dwelling households in the Czech Republic) that examines the position of respondents in the labour market, labour mobility, economic activities in the population, social status, general economic conditions, and other related topics. The results are used for the purposes of official statistics and are available on the website and in the publications of

the Czech Statistical Office and Eurostat.[6] The methodology used corresponds to the requirements of the ILO and Eurostat and is based on a random sampling of households[7] and face-to-face interviews.

Figure 3 presents data from the LFS for the period since the last major revision in survey methodology in 2002. Unfortunately detailed information on outcome rates are available only since 2002; between 1992 and 2001 only total non-response rates were reported and therefore this period cannot be included in the figure.

One striking feature of this data is that non-response rates in the LFS are considerably lower than in the academic surveys shown in Figure 1. The LFS non-response rates fluctuate between 20% and 30%. This evidence demonstrates that in the current survey climate in the Czech Republic it is possible to attain relatively high survey response rates.

Of course, in this case, we can also suppose some impact from the 'sponsorship effect', that is, that the willingness to cooperate depends on the data collection agency and the purpose of its activities. Consequently, official statistics often have lower non-response than academic surveys, and academic surveys commonly have lower non-response than commercial polls [Groves and Couper 1998]. On the other hand, the differences in outcomes do not just stem from refusals, which are only an effect of the willingness factor. Figure 3 also clearly reveals a general trend toward decreasing non-response rates, both in the case of refusals and non-contacts. We can therefore conclude that the data at our disposal do not support the prevailing conviction that *all* survey response rates are declining in the Czech Republic.

The methodology used in the ESS I and ESS II in the Czech Republic and their response rates

ESS is a biennial academic study of changing social, political, and economic attitudes within Europe. A total of twenty-six countries took part in the first two waves of research. The project has an elaborate organisational structure that is partly funded by the European Commission and the European Science Foundation. However, the surveys conducted in the individual participant countries are sponsored from national sources. Detailed information on the project, along with data and documentation for particular national surveys, are available on the official ESS website.[8]

[6] Czech Statistical Office: http://www.czso.cz; Eurostat: http://ec.europa.eu/eurostat.

[7] The Czech Statistical Office manages its own database of households, which is organised as the outcome of a census and is used for sample surveys as a sampling frame. Before 2001 this database was used also in a number of academic surveys. The major problem is connected to the recency of the database, as the number of wrong addresses rises with the time passed since the census. The last Czech census was organised in 2001.

[8] http://www.europeansocialsurvey.org.

The European Social Survey (ESS)

The key objective of the ESS is to build up a database of time series and internationally comparable indicators that can be easily accessed by all researchers, including project coordinators, under the same conditions. The ESS is therefore one of the most important infrastructures in European social research. It uses a general model, which is applied repeatedly in all research waves, and it contains a large methodological component and specific thematically defined modules.

The ESS strives toward standardisation and toward reducing the differences in research design and fieldwork procedures in participant countries, and it demands adherence to the specific survey parameters [ESS 2002, 2004]. These parameters include, for example, full coverage of the residential population aged 15 and over, use of strict probabilistic methods of sampling at all stages, a minimum effective sample size of one thousand five hundred respondents, a target response rate of 70%, and a target non-contact rate of 3%. The Central Coordination Team must approve the surveying methodology proposed by national survey teams.

In order to get an idea of the rigorous surveying protocols the ESS insists on, let us examine for a moment their recommendations for achieving high response rates [Philippens and Billet 2004; Philippens et al. 2003; Pleyser and Billet 2006].

- The fieldwork period should last at least one month
- There should be briefing and training of all interviewers
- Interviewer workloads should be limited (i.e. a maximum of 24 interviews per interviewer)
- Face-to-face data collection should be used
- At least four calls should be made on different days and at different times when trying to interview difficult to reach potential respondents
- In countries with no individual level sampling frames all first contacts for interviews should be made face-to-face
- Attempted interviews should be spread over at least two different weeks
- No substitution of units selected for interview at any stage
- Refusal conversion strategies should be used
- Detailed contact forms should be used
- Detailed monitoring of the data collection process must be provided
- Quality control checks of interviews completed should be adopted

However, it should be noted that national ESS survey coordinators have the option of proposing strategies for reducing non-response rates. In this respect, the ESS recommends using advance letters of introduction, toll-free telephone numbers for potential respondents to contact, selecting experienced interviewers, extra training of interviewers in response-maximisation techniques and doorstep interactions, implementing refusal avoidance and conversion techniques, re-con-

tacting 'soft' refusals and 'indecisive' non-contacts, and the use of appropriate respondent incentives and other strategies.

The European Social Survey in the Czech Republic

Two waves of the ESS have been conducted so far in the Czech Republic: the ESS I in 2002–2003, and the ESS II in 2004. Like the ISSP, both surveys were organised through the Institute of Sociology of the Academy of Sciences of the Czech Republic. Most of the main methodological features prescribed by the ESS were observed. It is important at this point to outline five key areas of difference between the successive waves of the ESS.

a) Fieldwork agencies

Data collection in the first wave of research was conducted by STEM and in the second wave by SC&C. Both companies are among the leading research agencies in the Czech Republic. Both companies have long-established, extensive interviewer networks. Moreover, both have conducted numerous probability surveys and have participated in a number of academic research projects, including high-level international research programmes.[9]

b) Sampling method

Probability sampling or more specifically stratified multistage sampling was used in both waves, but the specific methods applied differed. In the ESS I, the sampling frame used by STEM was derived from the SIPO database.[10] The stratification factors were communities and region. In the first step, the communities were selected, then the SIPO addresses (i.e. households), and in the third step individual respondents were selected with the aid of a Kish grid.

[9] For example, STEM undertook the ISJP (1991, 1995) and the ISSP (1992, 1996, 1997, 1999), while SC&C was responsible for the ISSP (1998, 2000–2004), SIALS (1998), and the EVS (1999).

[10] The SIPO is a special payment system that in communist Czechoslovakia provided services that are in other countries often provided by banks, and it is still widely used today. Regular household bill payments, especially utility payments, TV and radio fees, telephone bills, and bills for other services, are grouped into a single bill and are paid through the post office into the relevant accounts. The continuous updating of registered addresses using the SIPO system initially represented an almost comprehensive resource for household sampling with an estimated coverage of up to 98% of Czech households (in the first half of the 1990s). There now exist other means and systems of payments, and the number of addresses in the SIPO is much lower than the number of households recorded in official statistics, and therefore the quality of this database source is questionable.

In the ESS II the sampling frame used was the UIR-ADR address register, i.e. an electronic database of all buildings in the Czech Republic.[11] The register is regularly updated and identifies buildings on individual streets (where streets can be identified) within all towns and villages. Sampling proceeded in four stages: 1) communities, 2) streets or small communities, 3) household units, and 4) individuals. The unique character of this sampling frame produced a complicated research design. For example, the database did not provide information on the number of household units per street, only the number of buildings, so in the third step of sampling a list of household units in selected streets and small communities had to be drawn up first, following a preliminary interviewer appraisal of the target street.

c) Financing

The method of financing in each round of the survey differed. In the first wave, the Ministry of Education, Youth and Sport provided a grant for the research under the International Non-Governmental Organisation (INGO) programme. In the second wave, the Czech Science Foundation provided funding. In the first wave the funds were only released at the end of 2002 and less was provided than had been planned for in the approved grant. This had a serious impact on the preparation and the course of data collection, the performance of which had been sub-contracted. As a result, some of the techniques that had been planned could not be used owing to time and financial constraints. In addition, data collection dragged on into 2003, and cooperation with the fieldwork agency also proved to be complicated.

d) Fieldwork timing

For the financial reasons mentioned earlier, data collection in the ESS I was conducted, contrary to the instructions of the research coordinating team, in two stages: from 21 November to the end of December 2002, and from 2 January to 9 March 2003. In the ESS II, data collection was conducted within the required time frame and took place in a single period, between 1 October and 13 December 2004.

e) Methods for enhancing the response rate

In the ESS I, owing to financial and time constraints, it was not possible to carry out the special training for interviewers that had been planned or to apply specific strategies designed to enhance response rates. It was therefore necessary to rely on the standard training provided to interviewers by STEM. The interviewers visited the sampled addresses personally and advance letters of introduction

[11] The Register, organised by the Ministry of Labour and Social Affairs, is publicly accessible on the Web.

were used. Special procedures for refusal conversions were not applied beyond the regular methods used by STEM interviewers. Also, no special incentives were used. Remuneration for interviewers paid for the return of completed questionnaires was below the average for the tasks they performed. The methodology proposed a minimum of six attempts at contacting respondents on various times and days in the week.

However, some of these procedures were not followed. For example, after data collection was completed it was discovered that fewer than four attempts had been made at 46% of the non-contact addresses. A large number of contact forms were completed incorrectly, and it was difficult to reconstruct how the fieldwork had proceeded [see also Phillipens et al. 2003].

In the ESS II, approximately three hours of special training was provided to interviewers. Emphasis was placed on ensuring that the contact forms would be filled in properly. Only experienced interviewers from SC&C who have regular training in techniques for establishing contacts with respondents and maximising refusal conversions carried out the interviews. Advance letters of introduction were used, and the households contacted were provided with the agency's telephone number. Payments to interviewers for completed and incomplete questionnaires differed significantly. They received higher than usual remuneration for their work and were rewarded with a bonus for achieving high response rates (≥70%). At the same time emphasis was put on monitoring the interviewers' work. More than 30% of the interviews were supervised and 572 sample units were back-checked (except for 15 cases in which back-checks were not achieved the outcomes from the fieldwork were confirmed). To elicit good will the respondents were given a large package of coffee or tea and a calendar. In addition, at last four attempts were made to contact respondents. Data collection was controlled on an ongoing basis and 'soft' refusals and some non-contacts were targeted for additional 'conversion' visits by interviewers in order to reduce non-response rates to below 30%.

f) Evaluation

In formal terms the ESS I used a simpler and cleaner sampling method than the ESS II. The procedure used to collect data was organisationally less demanding and there was hence less room for error. Nevertheless, as noted above, the sampling frame derived from the SIPO database is problematic given the probably limited population coverage. There are therefore problems in assessing the impact of sampling design effects on total survey error for the ESS I. In contrast to other Czech academic surveys, such as the ISSP, the ESS I was organised without any specific techniques to enhance the response rate. Unsurprisingly, this led to problems with the interviewer team, many of whom had difficulties completing the contact forms correctly.

In the ESS II no satisfactory sampling frame was available. Consequently, a complicated sampling procedure was used that placed high demands on organis-

ing the research. For example, as noted above, the breakdown of dwelling units on selected streets had to be obtained before interviewing commenced. However, there was one key advantage to performing the somewhat onerous task of creating a 'fresh' sampling frame – the interviewers' efforts to contact respondents were not complicated by the problem of incorrect addresses. Moreover, the interviewers underwent additional training specifically for the ESS II project. According to the SC&C manager in charge of the project the higher response rate achieved in the fieldwork stemmed from a combination of three main factors: i) the use of the appropriate respondent incentives, ii) the higher rewards offered to interviewers, and iii) the elaborate system implemented to explain the purpose of the survey to the respondents.

At this point it should be stressed again that effort and particular methods for enhancing response rates can also have a negative influence on survey biases. For example, the positive and negative effects of respondent incentives on total survey errors are largely examined and discussed in analytical literature,[12] giving bonuses to interviewers for high response rates can encourage them to falsify interviews, conversion methods can have problematic impact on quality of data, etc. Therefore only well-considered strategies can reduce risks and have a positive effect on total survey error. Finally, it should also be mentioned that in many cases the relationship between stronger efforts to enhance the response rate and a reduction of total bias was confirmed [e.g. Olson 2006; Lynn et al. 2002].

The effects on response rates

A comparison of the outcome rates in both waves of the Czech ESS surveys is presented in Table 1. Row O of this table shows the data on total response rates calculated in accordance with current AAPOR standards [2006]. It is immediately obvious that the response rate for the ESS II was 12.2 percentage points higher than the response rate for the first wave of the ESS. This is a substantial difference, which stems from the fact that on most criteria presented in Table 2 the ESS II was more effective, e.g. had a lower rate of refusals. While the effectiveness of the ESS II in reducing non-response is dramatic, the response rate of 55.5% is similar to the achievements of other academic surveys undertaken in recent years (e.g. ISSP 2000–2003, see Figure 1.) where no specific strategy for attaining a higher response rate was used.

The picture changes when we look at the composition of non-responses. In the ESS II questionnaires were not distributed at all to almost one thousand two

[12] A review of this literature can be found, for example, in Stoop [2005], who summarises that 'the evidence from many studies...is not entirely conclusive', but 'most researchers seem to agree that a small incentive is generally seen as a nice gesture, both by interviewers and respondents, that a large incentive is not necessarily more effective than a small one, and that incentives do not have a detrimental effect on survey quality' [ibid.: 94].

Table 1. Response and non-response rates in ESS surveys in the Czech Republic

		ESS I 2002/2003		ESS II 2004	
		N	%	N	%
A.	Total issued sample	3330	100.0	5531	100.0
B.	Wrong addresses	191	5.7	66	1.2
C.	Respondent deceased/moved	0	0.0	8	0.1
D.	Sampled addresses not used	0	0.0	1196	21.6
E.	Eligible addresses used for fieldwork: A-(B+C+D)	3139	94.3	4261	77.0
F.	Respondent unable to co-operate	25	0.8	14	0.3
G.	Respondent unavailable	142	4.3	33	0.6
H.	Refusals	628	18.9	601	10.9
I.	No contacts	365	11.0	587	10.6
J.	Other non responses	619	18.6	0	0.0
K.	No. of achieved interviews	1360	40.8	3026	54.7
L.	Co-operation rate: K/(H+K)		68.4		83.4
M.	Contact rate: K/(G+I+K)		72.8		83.0
N.	Field response rate: K/E		43.3		71.0
O.	Response rate: K/[A-(B+C)]		43.3		55.5

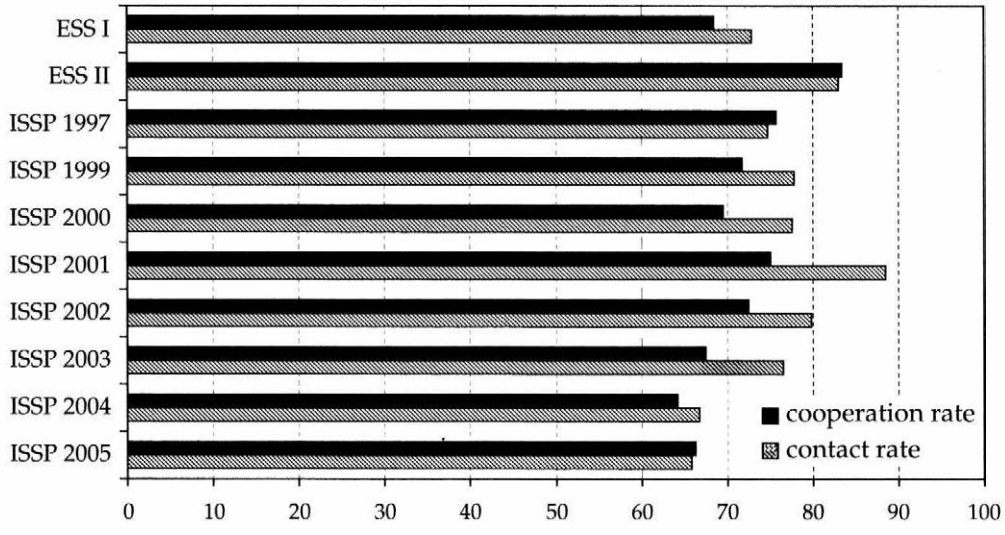
Source: ESS I, ESS II (Institute of Sociology AS CR, ESS).

hundred of the selected addresses (row D). If we take this fact into account, the response rate achieved during fieldwork, as the estimate shown in row N reveals, was 71%.

Based on experience from the ESS I, preparations for the second wave anticipated a low response rate and the size of the initial ESS II sample was designed to accommodate this expectation. The better than expected response rate achieved in the second wave meant that some of the addresses could not be used. This was because the budget for the ESS II would not have covered the expense involved in conducting the additional interviews and processing the resulting data. In fact, in the ESS II the largest proportion of the recorded non-response (as shown in rows D and F-J in Table 1) stemmed from the underestimation of the actual response rate in the preparation of the survey. This underestimation error accounted for more than 21% of the survey sample and was paradoxically a product of the success of rather than any failure in the fieldwork.

The standard definitions of the indicators of response and non-response rates [AAPOR 2006; Groves 2004: 135–145] do not take this kind of unusual er-

Figure 4. Cooperation and contact rates in ESS and ISSP surveys (1997–2005) in the Czech Republic (%)



Note: For additional information on ISSP surveys, see the appendix. The ISSP (1998) is not included owing to missing information on non-contacts.
Source: Sociological Data Archive, ESS I, ESS II (Institute of Sociology AS CR, ESS).

ror into account. In the case of multistage stratified sampling it is a questionable practice to eliminate any selected units after the sample has been drawn, especially during the interviewing stage, even if we assume that the decision of which addresses to use and which to eliminate was made randomly. That is why in the overall evaluation of the quality of the data from the ESS II the Czech Republic is not ranked among the countries with a response rate of at least 70%. The unused addresses are included under non-contacts in the calculations for this indicator [see Pleyser and Billiet 2006].

However, it is also misleading to evaluate the contact rate including the unused addresses, when no attempt was ever made at contacting respondents at these addresses. Therefore, a deeper analysis of non-response and conclusions on the ability to contact respondents and the willingness of the public to cooperate should be based on the responses the survey actually achieved in the field. In the following analysis we will focus mainly on outcomes achieved during the fieldwork. Pleyser and Billiet [2006] proceeded similarly in their analysis of the quality of the ESS international data file and did not include the unused addresses in the evaluation of non-contacts and refusals.

As Figure 1 shows, the field response rate of 71% in the ESS II greatly exceeded the response rates attained in contemporary Czech academic surveys and

is closer to the results achieved in the Labour Force Survey (shown in Figure 3). Equally importantly, this evidence demonstrates that the survey climate is not as unfavourable as it is feared to be. The data presented in row L of Table 1 show that the cooperation rate in the ESS II was 83.4%. Compared to the ESS I this represents an increase of almost 15 percentage points. Moreover, if we examine Figure 4 we see that this rate is significantly higher than the cooperation rates for all ISSP surveys since 1997.

The evidence presented in row N of Table 1 reveals that the ESS II had a higher contact rate than its predecessor. Moreover, Figure 4 reveals that the contact rate in the ESS II is also relatively high when compared to the results of other Czech academic surveys.

It is interesting to look at the number of non-contacts in relation to other forms of non-response and in relation to the interviews conducted. The non-contact rate was 13.6% in the ESS II, which is the highest percentage of non-contacts among the countries that took part in the survey. Pleyser and Billiet [2006: 15] ascribe this to the complicated sampling procedure. If we compare the ESS II with recent ISSP surveys, which are characterised by relatively simple sample designs, we see that Czech surveys often have high non-contact rates. Such comparative evidence confirms that non-contact troubles during interviewing are part of a more general problem. However, not being able to contact potential respondents is not an insurmountable problem. This is evident from the quarterly Labour Force Surveys conducted by the Czech Statistical Office. The data presented in Figure 3 show that the non-contact rate in the LFS since 2002 has generally been below 10%.

If we look at row J of Table 2 for the ESS II we see that it is also possible to completely eliminate other forms of non-response in the course of the fieldwork. According to a post-ESS I survey report written by STEM, the high number of 'other non-responses' in this survey consisted of various administrative errors made in the organisation of data collection and errors in data processing. One key problem was questionnaires not being returned by interviewers. In surveys such as the Czech Labour Force Survey, the GSS and Allbus, where data quality is an explicit goal, errors of this type rarely occur.

An international comparison also reveals differences in each wave of the Czech ESS survey. With regard to the non-response rate, the Czech survey in 2002–2003 had the third worst outcome of all countries surveyed. The Czech survey's total response rate in 2004 also ranked in the lower half of all the countries surveyed. Nonetheless, it was better than that of countries such as the UK, Germany, and Spain. However, if we examine field response rates, which better reflect the actual level of cooperation of the population, the Czech Republic was among the countries with the best results – exceeding the target level of 70%. Notwithstanding the failure to accurately estimate the sample size at the outset, the strategy applied in the ESS II to enhance response rates was effective. The field response rate was increased beyond the customary level achieved in academic

surveys in the Czech Republic and well above the international average attained in the ESS. This outcome resulted from a combination of improvements in the monitored sources of non-response – refusals, non-contacts, and other miscellaneous forms of non-response.

Conclusion

The above assessment of Czech probability surveys conducted for academic purposes since 1995 shows that response rates are a serious problem. This could be reason to question the reliability of the data on Czech society and the analyses based on these data. The differences between the response rates during the first half of the 1990s and in surveys conducted later on point to a deterioration of the survey climate during this period. There have been consistently high rates of refusals and non-contacts. The level of non-contacts recorded in the Czech Republic rank among the highest measured internationally. However, the conventional opinion that there is a declining secular trend in response rates since the mid-1990s was not confirmed by available survey evidence.

Our examination of academic surveys demonstrates that a large part of the non-response problem stems from research imperfections. Outcome rates often include a big portion of the category 'other unproductive', that is, administrative and organisational failures. Interestingly, the trend in non-contact rates fluctuates considerably. We may therefore conclude that, in addition to the unfavourable survey climate, low response rates are largely the result of factors connected with the performance of the fieldwork agency. Fortunately, these issues can often be addressed by upgrading fieldwork protocols and methodologies. We also found that it is possible to obtain substantially better outcomes in survey research. This is particularly evident in the Labour Force Survey conducted by the Czech Statistical Office and in the second wave of the European Social Survey.

Our comparison of the two waves of the ESS did not look for differences in data quality between both datasets and did not provide an evaluation of the effects of particular survey strategies on total biases. There are numerous factors connected with both waves of the ESS that were capable of producing errors. The appropriate analysis of the impact of response rate enhancement on total survey error would therefore necessarily involve not only simple comparisons of the composition of surveyed samples but also an examination of the differences between respondents and non-respondents. Unfortunately, the limited size of this article puts such an analysis beyond its scope, but the article does generate a starting point for future study. Therefore, we cannot conclude here whether the described strategy of response rate enhancement was successful in terms of survey accuracy. Nonetheless, based on the evidence provided we can point out the need to deal with the non-response problem and argue for the use of sensible and prudent survey strategies that take all types of survey error into consideration. However, such strategies often require greater effort and more investment.

In the academic sphere traditional approaches to organising survey research have focused on sampling and related errors. But contrary to expectations, sampling design effects are not the only source of survey error. Total survey error is a complex problem and in order for us to obtain more accurate results it is necessary to focus on all of its components: sampling error, coverage error, errors of measurement and non-response error. Moreover, besides being accurate data must also be timely, coherent, accessible, comparable, and fit for use. Finally, as Groves [2004] has shown, the quality of a sample survey derives from its efficiency, that is, from the relationship between accuracy and the costs of achieving it. For all these reasons recent concepts of the quality of survey research have moved away from purely statistical approaches to accuracy toward multidimensional approaches that involve quality management of the survey process [see Biemer and Lyberg 2003].

In the Czech Republic survey non-response can be a serious obstacle to reliability. Consequently, when organising surveys it is prudent to devote some thought to how much effort should be invested in attempts to reduce it. Ignoring this problem devalues the resources expended on reducing other types of error. Successful survey research strategies require more than just formal and selective approaches to data quality enhancement. This issue is not merely a topic of importance for fieldwork agencies, but is also one of key concern for all coordinators of research projects, because it is they who formulate the methodological requirements for many probability sample surveys.

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Appendix

Basic methodological information on selected probability sample surveys undertaken in the Czech Republic, 1991–2005

Survey	Fieldwork agency	Sampling method	Fieldwork dates	N
ISJP 1991: Social Justice	STEM	2-stage stratified	1991, 26/06–14/07	810
ISSP 1992: Social Inequalities	STEM	2-stage stratified	1992, 16/10–06/11	1101
SSVE 1993: Social Stratification in Eastern Europe After 1989	ČSÚ, STEM	2-stage stratified	1993, 03–04	5597
ISSP 1993: Environment	STEM	3-stage stratified	1993, 20–30/11	1005
ISSP 1994: Family and Gender Roles	Universitas	3-stage stratified	1994, 09	1024
ISSP 1995: National Identity	Amasia	3-stage stratified	1995, 28/10–27/11	1111
ISJP 1995: Social Justice	STEM	Random walk	1995, 15/09–29/10	1246
ISSP 1996: Role of the Government	STEM	3-stage stratified	1996, 20–31/10, 21/11–31/12	1100
ISSP 1997: Work Orientations	STEM	3-stage stratified	1997, 15–30/09, 21/10–7/11, 21/11– 31/12	1080
ISSP 1999: Social Inequalities and Justice	STEM	2-stage stratified	1999, 18/01–01/02, 06/02–24/02	1834
ISSP 1998: Religion	SC&C	3-stage stratified	1999, 18/06–27/07	1223
ISSP 2000: Environment	SC&C	3-stage stratified	2000, 01/10–13/11, 21/11–20/12	1244
ISSP 2001: Social Networks	SC&C	3-stage stratified	2001, 06/10–05/11	1200
ISSP 2002: Family and Gender Roles	SC&C	3-stage stratified	2002, 16/09–14/10	1289
ISSP 2003: National Identity	SC&C	3-stage stratified	2003, 26/09–19/10	1276
ISSP 2004: Citizenship	SC&C	3-stage stratified	2004, 27/09–29/10	1322
ISSP 2005: Work Orientations	SC&C	3-stage stratified	2005, 16/05–06/06	1226

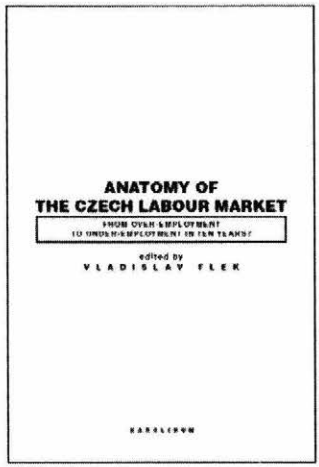
Note: This information refers to the surveys represented in Figure 1. All surveys used face-to-face interviewing. ČSÚ = Czech Statistical Office.
Source: Sociological Data Archive, Institute of Sociology AS CR.

Anatomy of the Czech Labour Market: From Over-Employment to Under-Employment in Ten Years?

Vladislav Flek (editor)

Prague, Karolinum Press, scheduled 2007, paperback, first edition

This volume investigates the macroeconomic aspects of labour market behaviour and its micro-foundations. In the first part it deals with aggregate labour market trends and issues relevant to macroeconomic policy. The second part analyses in more detail labour flexibility, labour market flows, long-term unemployment, and labour force deprivation. The third part addresses wage flexibility and relative wages, with special attention paid to regional unemployment, elasticity of wages, and returns to education.
A worsening of labour market performance can especially be seen in the rise in NAIRU, declining labour mobility, labour deprivation due to long-term unemployment, skill mismatch, and emerging signs of inflexibility in wage structures. The book's conclusions are of use for both macroeconomic and labour market policy. They signal the limitations on potential output growth stemming from worsening labour market performance and the need for institutional and structural changes, instead of counter-cyclical policies, to solve the unemployment problem in the Czech Republic.



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The Impact of the Structure of the Education System on the Development of Educational Inequalities in the Czech Republic*

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Abstract: The aim of this paper is to explore the impact of the structure of the Czech education system on the development of the relationship between a student's achievement and his/her family background. It compares the strength of the relationship between student achievement and a student's family background in various stages of his/her education career (grades 4, 8 and 10) in the Czech Republic and in systems without early tracking that also exhibit high student performance (Canada, Nordic countries). In addition, the paper tests a hypothesis that systems with different levels of tracking differ not only in their structure but also in teaching methods and teachers' attitudes. The analysis was conducted on data sets from the IEA PIRLS 2001, the IEA TIMSS 1999, and the OECD PISA 2003.

Keywords: student achievement, socio-economic status, selectivity of education system, teaching attitudes

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Introduction

All advanced countries show a correlation between a student's achievement and his/her family background. Students from a more advantaged home background tend to have higher test scores. However, the influence of social origin and family background on student achievement varies in strength between individual systems. The comparisons of the relationship between student performance and the various aspects of socio-economic background also show that some countries simultaneously demonstrate high average quality and relatively high equality of outcomes among students from different socio-economic backgrounds. There-

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fore, wide disparities in student performance are not a necessary condition for a country to attain a high level of overall performance [OECD 2001; 2004a; 2005b; 2006].

Alongside factors related to academic ability and educational performance (genetic factors, differences in children's home environments, class and cultural bias at school, and difference in health and nutrition), the most frequently studied factors behind the interdependence of a student's achievement and his/her family background relate to transition odds. These are significantly influenced by the structure of the education system, its differentiation, and the age at the time of the first selection. In early selection parents are more influential. Educated parents value education and understand the education system. They can give advice on strategies that are not likely to constrain later choices. Lower-class children experience less encouragement from their background family. In a system in which early self-selection is constrained by the choice structure there is less educational inequality than in a system where consequential decisions about the educational career are taken at a very young age [Erikson and Jonsson 1996].

Analyses of data from international achievement surveys repeatedly show that wider socio-economic differences in performance are associated with school systems that differentiate students into different schools or programmes. These results also suggest that more inclusive schooling systems also have higher performance levels [OECD 2004a; 2005b; 2006]. Findings from international achievement surveys correspond to the results of the research on ability grouping that confirm the absence of favourable effects linked to homogenous groupings. In an experimental situation where the pedagogic variables are objects of strict control, homogenous grouping does not produce different effects according to the levels of constituents groups; classes that admit only good students do not progress more than classes composed essentially of weak students. However, this grouping is accompanied by differentiation in curriculum, by the fact that the best teachers teach the classes attended by the best students, and by pedagogical practices that favour those students. Inequalities in the type of pupil/teacher interaction serve to widen the gap between the higher and lower achievement classes. In addition, student allocation is often influenced by factors other than student ability, and early allocation to sets is discouraging for students with lower attainment [Hutchmaker, Cochrane and Bottani 2001; Harlen and Malcolm 1999; Slavin 1990]. Student composition affects school climate. When explaining performance variation among schools, there is a far stronger joint association between the school climate and the contextual factors than there is between either school policies or school resources and the contextual factors. School climate may be strongly influenced by the norms and values that students bring to the school, which in turn may be closely associated with the students' socio-economic background [OECD 2005b].

The argument that the selection of students, especially when it occurs at an early age, is social discrimination and thus contributes to the reproduction of educational inequalities has prompted a number of countries to change from a

diversified to a unified system[1] [OECD 2004a]. In the majority of European and OECD countries the first selection process currently occurs no earlier than at the age of fifteen [OECD 2005a]. For example, the Finnish comprehensive school reform of 1972–1977 significantly reduced the degree of heterogeneity in Finnish primary and secondary education. The reform shifted the tracking age in secondary education from age 10 to age 16 and imposed a uniform academic curriculum on entire cohorts until the end of lower secondary school. Reform reduced the intergenerational income correlation by seven percentage points [Pekkarinen, Uusitalo and Pekkala 2006]. In Sweden, studies have confirmed the decreasing influence of background factors, such as the parents' position in society, gender, and type of community, on educational attainment as a result of both educational and other welfare policies [Wildt-Persson and Rosengren 2001].

However, in order to maximise the education yield for all students and especially for those from low-status families, it is not enough to eliminate early tracking. Finnish experience shows that teachers have to be systematically prepared to teach in mix-ability classrooms [OECD 2004b]. Research shows that many mixed-ability classes are not taught in a way that caters for mixed ability; observation studies indicate that mixed-ability classes are often taught as if everyone were of the same ability and all of lower than average ability [Harlen and Malcolm 1999].

The situation in the Czech Republic

In most international comparative studies of student achievement, Czech students at the age of compulsory schooling typically tend to achieve relatively high average performance [Beaton et al. 1997a, 1997b; Martin et al. 1997; Mullis et al. 1997, 2000a, 2000b, 2003; OECD 2001, 2004a]. At the same time, the Czech Republic exhibits a relatively strong relationship between student achievement and family background [OECD 2001; 2004a].

The Czech education system appears to be very selective; selection starts at a very young age. Czech students can take their first entrance examinations at the age of eight, when they apply for admissions to classes or schools with extended curricula of foreign languages.[2] The next selection occurs at the age of eleven or thirteen when fifth- or seventh-grade students (10% of the age cohort) move to a multi-year gymnasium (a long academic secondary track). In addition, the country also features a high percentage of students who are educated separately in special education schools.[3] Recently, schools and classrooms for 'gifted

[1] That means the elimination of tracking or its postponement to higher grades.

[2] Schools with extended curricula of any subject are attended by 10% of the age cohort.

[3] The Czech Republic is the only European country in which more than 5% of students with special education needs are educated separately from the majority population in schools with reduced curricula [*Key Data on Education*... 2004].

children' appeared in the system at the primary level. After finishing compulsory education, Czech students choose between an academic track at a four-year gymnasium (10% of all secondary students), a secondary technical track (40% of the age cohort), and a vocational track (40%). (A diagram of the education system is included in Appendix A.) Students from academic and secondary technical tracks are entitled to apply for admission to university. However, only gymnasia prepare their students properly for the demanding entrance examinations that focus mainly on factual knowledge. The Czech Republic exhibits one of the lowest proportions of secondary students in general education [OECD 2005a]. It also has one of the lowest proportions of students in tertiary education; only 25% of the respective age cohort continues on to tertiary education. Both the choice of the upper secondary school and the consequent chances for successful transition to tertiary education are strongly affected by social origin [Matějů and Straková 2003; Matějů, Řeháková and Simonová 2003].

Psychologists believe that there are elements that enhance social differences that are born out of the teaching methods and the approach to students generally applied in the country's schools [e.g. Nováčková 2001]. Academically oriented frontal teaching methods prevent students from low-status families in particular from achieving some sense of self-fulfilment at school and from attaining success. Consequently, these methods have a powerfully de-motivating effect, especially in connection with the fact that Czech children receive very little individual support and care from their teachers at school [OECD 2004a].

The mechanism of the development of the relationship between a student's achievement and his/her family background in the Czech education system has not been studied systematically so far. The aim of the paper, therefore, is to shed some light on the mechanisms involved in the formation of educational inequalities related to the characteristics of the education system in the Czech Republic. I try to explore both factors related to the structure of the education system and those related to teaching attitudes. The analysis is based on data from international comparative surveys. The selection of indicators is limited by the variables included in those data sets.

Research questions and hypotheses

The goal is to find out to what extent tracking influences the level of inequality in educational achievement. First, it is beneficial to learn how the strength of the relationship between student achievement and student family background increases in higher grades as the tracking gets more pronounced. The strength of the relationship in different stages of the educational career of Czech students cannot be compared directly because no comparable data for different grades are available. The Czech Republic does not organise its own national achievement surveys. The only available data sets come from international comparative surveys organised

by the International Association for the Evaluation of Educational Achievement and the OECD. These surveys study children in different stages of their school career. However, they use different indicators of family background and thus do not allow for a direct comparison of the strength of the relationship between student achievement and family background in different grades. The situation in the Czech Republic is thus illustrated in comparison with other countries. The strength of the relationship in the Czech Republic is compared with the strength of the relationship in countries that exhibit similar student achievement and similar variation in socio-economic background but do not track children until the age of 16. The extent to which the achievement of students in individual schools is influenced by the composition of students in these schools is also studied. The reference countries selected were Canada, Sweden, and Finland.[4] These countries have high achievement and relatively low variation in socio-economic background and switched from a tracked system to a non-tracked one in order to reduce the level of inequalities in the systems [OECD 2004a, 2004b; EGREES 2006].

The paper concentrates on the following questions:

- What are the differences in the relationship between student achievement and family background in the Czech Republic, Sweden, Finland, and Canada in various stages of the educational career?
- What is the effect of the social composition of students in individual schools on student achievement in the Czech Republic, Sweden, Finland, and Canada?

The following hypotheses were formulated:

H1. At lower levels of the education system there is no significant difference in the steepness of the 'ses gradient'[5] in the Czech Republic, Sweden, and Canada. At higher levels of the education system the 'ses gradient' for the Czech Republic becomes steeper than in non-tracked countries: Sweden, Finland, and Canada.

H2. At higher levels of the education system the influence of the social composition of schools on the achievement of individual students is much higher in the Czech Republic than in countries with non-tracked education systems: Sweden, Finland, and Canada.

Research on the effect of tracking on student achievement [e.g. Slavin 1990; Harlen and Malcolm 1999] shows that it is useful to explore the extent to which

[4] Sweden participated in the IEA PIRL Study in grade 4, and Finland participated in the TIMS Study in grade 8. All countries participated in the OECD PISA in grades 9/10.

[5] The 'ses gradient' is a regression line between student achievement and the indicator of socio-economic status [Wilms 2003].

various education systems adjust to individual student's needs. We pose the following question:

- Are there any differences in teaching methods and teacher attitudes in countries that track students early and those that do not?

To answer this question the full set of available OECD countries was used. The question leads to the following hypothesis:

H3. Non-tracked education systems give more support to students with educational difficulties than education systems with early tracking.

Data, variables, and the methods of the analysis

The analysis was conducted on data sets from the IEA PIRLS 2001, the IEA TIMSS 1999[6] and the OECD PISA 2003.[7] In the IEA studies the samples were grade-based, the IEA PIRLS focused on grade 4 and the IEA TIMSS on grade 8. In the OECD study the sample was age-based.[8] In the analysis of the PISA 2003 data students from the grade with highest representation were included: grade 10 for Canada (82.2% of students in the sample) and the Czech Republic (52.4% of students in the sample)[9] and Grade 9 for Finland (87.7% of students in the sample) and Sweden (93.0% of students in the sample). For the Czech Republic the national data sets were used, in which, unlike the international data sets, variables enabling the identification of different types of schools were retained.[10]

[6] Progress in International Reading Literacy Study, Trends in International Mathematics and Science Study. The full PIRLS 2001 and TIMSS 1999 data sets are available at http://www.timss.org/.

[7] Programme for International Student Assessment. The full data set is available at http://www.pisa.oecd.org/.

[8] Samples were selected in two stages: first, schools in each stratum were randomly selected then students from these schools (in the OECD study), and respectively classes in the particular grade (in the IEA studies) were randomly selected.

[9] In the Czech Republic all students born after September 1 enter school a year later, and a one-year postponement is sought every year also by 25% of the age cohort born before September 1. Usually parents wish their children to enter school later because they believe that older children will be able to face school demands more easily. Although the PISA sample was not constructed as representative for grade 10 students, various checks of its composition showed that it represents well the population of students in their first year of secondary studies. The composition of students in the respective grades is not biased by grade retention. The retention rate at a compulsory level is very low in the Czech Republic (about 0.6%).

[10] In the IEA studies students attending special education schools were excluded from the sample. In the PIRLS sample students attended either common basic schools or schools with extended curricula. In the TIMSS sample students attended common basic schools,

The relationships between student achievement and socio-economic background were studied by socio-economic gradients [Wilms 2003] and by hierarchical linear modelling. Hierarchical linear models were applied because the data used in the analysis was collected using a 'cluster' sampling method – first the schools were randomly selected and then the students in those schools. The observations made in individual schools thus tend to be more similar than would be the case in a simple random sample of students [Wilms 1999].

The measures of socio-economic status were constructed from variables included in questionnaires distributed to students and parents[11] and were not identical in all surveys. In the PIRLS, a composite measure, based on highest parental education, the main job of the mother, and the main job of the father,[12] was used as an indicator of the socio-economic status of a child. In the TIMSS, the indicator of socio-economical status was constructed from highest parental education, the number of books at home, and possession of a computer and a dictionary.[13] In the PISA study, the international index of economic, social, and cultural status ESCS was used as a measure of the background characteristics of the students.[14]

In all data sets plausible values[15] [Hambleton, Swaminathan and Rogers 1991] were used as the measure of student performance. In the PIRLS plausible values of overall reading performance were used and in the TIMSS and the PISA 2003 plausible values of overall mathematics performance. Socio-economic gradients demonstrating the relationship between a student's achievement and his/her socio-economic status were constructed using the mean value of the plausible values.[16] Hierarchical linear models exploring the influence of socio-eco-

schools with extended curricula or multi-year gymnasia. The PISA sample included students in grade 9 (ISCED 2) and grade 10 (ISCED 3). In our analysis only students attending grade 10 were included. They attended special education schools, vocational schools, technical schools, four-year gymnasia, or multi-year gymnasia.

[11] The PIRLS also included a questionnaire for parents.

[12] The index was constructed by factor analysis from the variables asdhedup, asbhmjf, asbhmjm from the parental questionnaire. The proportion of cases with a missing index: Canada 30%, Sweden 19.7%, the Czech Republic 27.1%.

[13] Variables bsbgbook, bsbgps02, bsbgps04, bsbgedmo, bsbgedfa from the student questionnaire. The proportion of cases with a missing index: Canada 1.5%, Czech Republic 18.8%, Finland 54.5%.

[14] The ESCS index was constructed using the Item Response Theory methodology and included the following variables: the highest parental international index of professional status (ISEI), the highest parental education, family wealth, the availability of educational resources in a family, and cultural possessions. The proportion of cases with missing index was in all countries below 1%.

[15] In all respective studies rotated booklet design was used. Achievement estimates (plausible values) were estimated as a sample of scores from the distribution of student abilities. The distribution of student abilities was determined using Item Response Theory methodology (the Rasch model).

[16] The results obtained with averaged plausible values (PV) were verified with calculations using first plausible values. Both procedures gave the same results.

nomic status on student achievement at the individual and the school level in different grades were estimated with each plausible value and then averaged. Data was weighted by the final student weight included in all data sets.

For the analysis of differences in teaching methods and attitudes between education systems with different levels of tracking, variables from student and teacher questionnaires[17] were used: the availability of differentiated reading materials, the availability of teaching aids, the availability of reading specialists (variables atbgumat, atbgdif1, atbgdif3 in the PIRLS teacher questionnaire), the interest of teachers in every student learning and teacher help, the index of teacher support (variables st38q01, st38q03, st38q05, st38q07, st38q10 in the PISA student questionnaire), the teacher's belief that some students are gifted and others are not (variable btbsagr4 in the TIMSS teacher questionnaire).

As an indicator of the differentiation of the education system the age of the first selection in the education system was used [OECD 2005a]. The mean values of indicators were compared for groups of countries with different ages at the time of the first selection in the education system. All countries included in the analysis participated in the OECD PISA, but only some of them contributed to indicators gained from the IEA studies.[18]

Results of the analysis

Development of the relationship between a student's achievement and his/her socio-economic status in different education systems

Table 1 shows the mean achievement score and its standard deviation for countries included in the analysis and the mean and standard deviation of the index of economic social and cultural status ***escs*** constructed in the PISA. The table shows that the Czech Republic has comparable variation in ***escs*** with other countries and also comparable variation in reading achievement in grade 4. In higher grades, the variation in achievement is higher than in Finland and Canada.

Figures 1–3 show the socio-economic gradients for different grades. While in grade 4 the slope of the gradient in the Czech Republic does not differ significantly from the slopes of Sweden and Canada, in grade 8 and grade 9/10 there is a statistically significant difference between the slope of the gradient in the Czech Republic and all other countries.

[17] Only the IEA studies also administer questionnaires for teachers.

[18] OECD countries for which information about the first selection was available from Education at a Glance 2005 participating in the IEA studies: IEA PIRLS – Canada, Czech Republic, France, Germany, Greece, Hungary, Iceland, Italy, Netherlands, New Zealand, Norway, Slovak Republic, Sweden, Turkey, United Kingdom, United States. The IEA TIMSS – Australia, Belgium, Canada, Czech Republic, Finland, Hungary, Italy, Japan, Netherlands, New Zealand, Slovak Republic, Turkey, United Kingdom, United States.

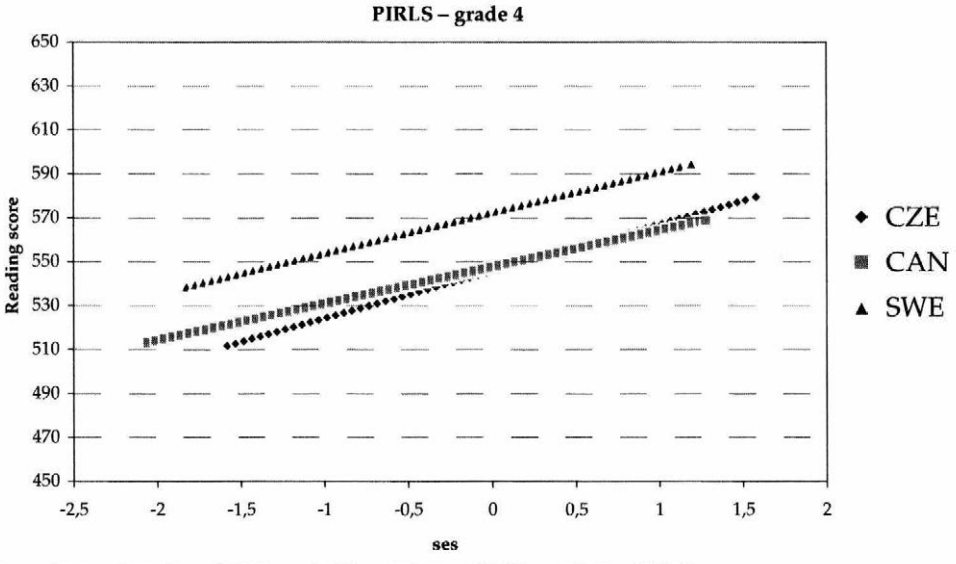
Table 1. Countries in the analysis: achievement score, standard deviation and index of economic social and cultural status[19]

	Mean (se)	SD (se)
PIRLS (grade 4)	**Reading**	
CZE	537 (2,3)	65 (1,4)
CAN	544 (2,4)	72 (1,0)
SWE	561 (2,2)	66 (1,2)
International average	500 (0,6)	
TIMSS (grade 8)	**Math**	
CZE	520 (4,2)	79 (2,4)
CAN	531 (2,5)	73 (1,7)
FIN	520 (2,7)	65 (1,3)
International average	487 (0,7)	
PISA (grade 9/10)	**Math**	
CZE	516 (3,5)	96 (1,9)
CAN	532 (1,8)	87 (1,0)
FIN	544 (1,9)	84 (1,1)
SWE	509 (2,6)	95 (1,3)
International average	500 (0,6)	
SES (PISA)		
CZE	0,16 (0,02)	0,80 (0,01)
CAN	0,45 (0,02)	0,83 (0,01)
FIN	0,25 (0,02)	0,83 (0,01)
SWE	0,25 (0,02)	0,88 (0,01)

Source: PIRLS 2001, TIMSS 1999, PISA 2003.

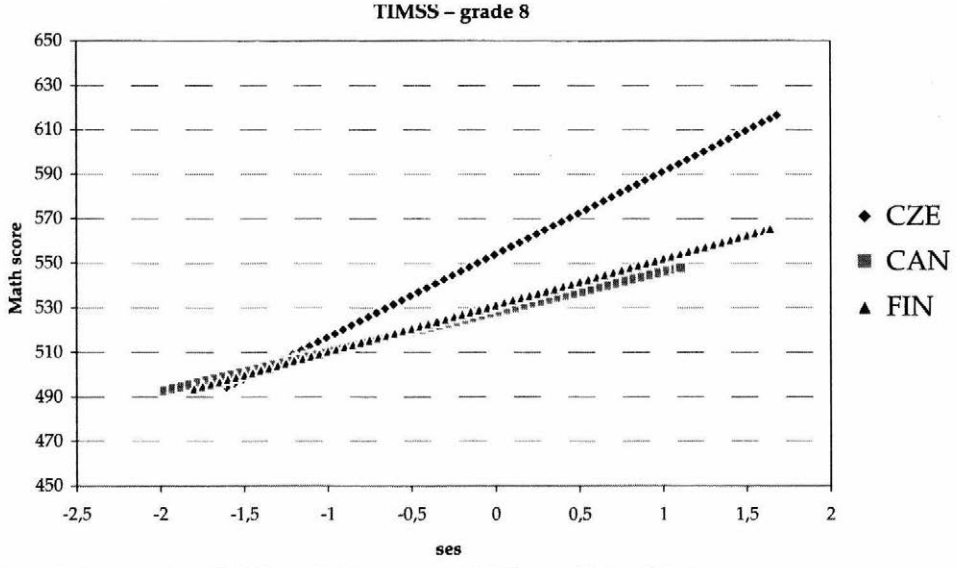
[19] PISA reading scores for countries in the analysis were as follows: Finland 543, Canada 528, Sweden 514 and Czech Republic 489.

Figure 1. Relationship between a student's achievement and his/her socio-economic status in grade 4



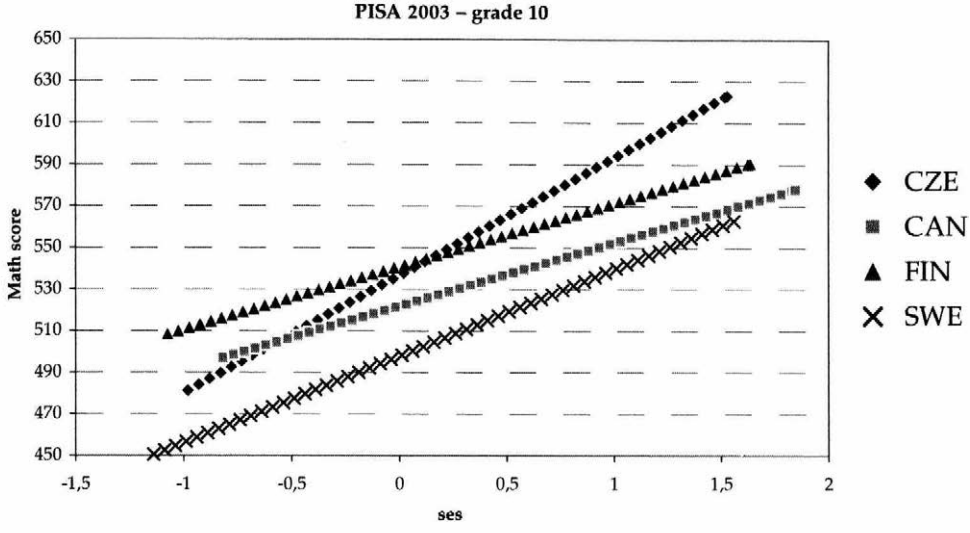
CZE: y=21,4x+545,5 CAN: y=16,7x+547,5 SWE: y=18,5x+572,5

Figure 2. Relationship between a student's achievement and his/her socio-economic status in grade 8



CZE: y=37,1x+554,0 CAN: y=17,9x+528,0 FIN: y=20,8x+531,3

Figure 3. Relationship between a student's achievement and his/her socio-economic status in grade 9/10



CZE: y=56,5x+536,7 CAN: y=30,4x+521,8 FIN: y=30,3x+541,0 SWE: y=41,7x+497,9

The results confirm the first hypothesis: At the level of ISCED 1, where the tracking is still indistinctive, the strength of the relationship between student achievement and student family background in the Czech Republic is comparable to that in Canada and Sweden. In higher grades with more pronounced tracking, the differences in the strength of relationship between student achievement and student family background between the Czech Republic and countries with non-tracked education systems (Finland, Canada, Sweden) grow. At the same time, in comparison with Finland and Canada, the overall variation in student achievement increases.

Impact of the composition of students in individual schools on student achievement

Tables 2–4 show for respective grades the intra-class correlation for student performance for all countries in the analysis. They also show the results of multilevel models with socio-economic status at both the student and the school level.[20] In grade 4, the influence of socio-economic status at the school level is not statistically significant in the Czech Republic. In grades 8 and 10 it is statistically significant and much higher than in other countries and than the influence of socio-econom-

[20] At the student level the explanatory variables were *group-centred*, at the school level the variables were *grand-centred*.

Table 2. Hierarchical linear models for grade 4 (PIRLS)

	%		coeff	se	sig
CZE					
Intra class correlation read * 100	**16.4**	intercpt 2, G0	545,4	2,2	0,000
		SES_school level	**7,3**	5,4	**0,183**
		SES_student level	**17,9**	1,5	**0,000**
CAN					
Intra class correlation read * 100	**18.6**	intercpt 2, G0	557,4	1,9	0,000
		SES_school level	**18,7**	3,8	**0,000**
		SES_student level	**14,2**	1,3	**0,000**
SWE					
Intra class correlation read * 100	**15.5**	intercpt 2, G0	570,8	1,9	0,000
		SES_school level	**12,7**	3,6	**0,001**
		SES_student level	**13,4**	1,2	**0,000**

Table 3. Hierarchical linear models for grade 8 (TIMSS)

	%		coeff	se	sig
CZE					
Intra class correlation math * 100	**31.9**	intercpt 2, G0	540,2	5,1	0,000
		SES_school level	**36,0**	8,6	**0,000**
		SES_student level	**16,4**	2,3	**0,000**
CAN					
Intra class correlation math * 100	**26.3**	intercpt 2, G0	531,5	4,0	0,000
		SES_school level	**9,9**	5,8	**0,089**
		SES_student level	**14,3**	8,4	**0,000**
FIN					
Intra class correlation math * 100	**13.4**	intercpt 2, G0	530,0	3,1	0,000
		SES_school level	**14,5**	6,2	**0,021**
		SES_student level	**17,9**	2,2	**0,000**

Table 4. Hierarchical linear models for grade 10 (PISA)

	%		coeff	se	sig
CZE					
Intra class correlation math * 100	**56.5**	intercpt 2, G0	552,2	3,6	0,000
		SES_school level	**111,3**	8,3	**0,000**
		SES_student level	**9,2**	2,4	**0,000**
CAN					
Intra class correlation math * 100	**20.5**	intercpt 2, G0	541,4	1,9	0,000
		SES_school level	**26,2**	5,1	**0,000**
		SES_student level	**23,5**	1,4	**0,000**
FIN					
Intra class correlation math * 100	**4.5**	intercpt 2, G0	551,5	1,7	0,000
		SES_school level	**–0,1**	5,8	**0,985**
		SES_student level	**30,1**	1,5	**0,000**
SWE					
Intra class correlation math * 100	**8.8**	intercpt 2, G0	510,2	1,9	0,000
		SES_school level	**27,6**	8,0	**0,001**
		SES_student level	**37,0**	2,0	**0,000**

ic status at the student level. In other countries, the influence of *ses* at the school level is lower or comparable to ***ses*** at the student level. Results confirm the second hypothesis. The effect of the social composition of students in individual schools is much higher in the Czech Republic than in Sweden, Finland, and Canada.

Table 5 shows the mean achievement and socio-economic status for individual school types in the respective grades. The differences in both performance scores and indices of socio-economic status between individual school types are statistically significant at all grade levels. The impact of socio-economic status at the school level in the Czech education system is well demonstrated also on the school profiles of Czech schools presented in Figures 4–6 for respective grades and school types. Each school is represented by one dot. Selective schools are shifted towards both high achievement and high socio-economical status of their students.

Table 5. Mean achievement and socio-economic status for individual school types and grades, Czech Republic

Grade		Mean achievement (se)	Mean socio-economic status (se)
Grade 4	Basic schools	535 *(0,2)*	–0,071 *(0,004)*
	Schools with extended curricula	592 *(0,9)*	0,716 *(0,024)*
Grade 8	Basic schools	513 *(0,2)*	–0,140 *(0,003)*
	Schools with extended curricula	578 *(0,7)*	0,472 *(0,010)*
	Multi-year gymnasia	617 *(0,6)*	0,759 *(0,008)*
Grade 10	Special schools	413 *(1,6)*	–
	Vocational schools	458 *(0,5)*	–0,319 *(0,050)*
	Technical schools	541 *(0,4)*	0,181 *(0,004)*
	4-year gymnasia	610 *(0,7)*	0,732 *(0,009)*
	Multi-year gymnasia	637 *(0,8)*	0,921 *(0,010)*

Figure 4. School profiles for Czech schools for grade 4 (PIRLS)

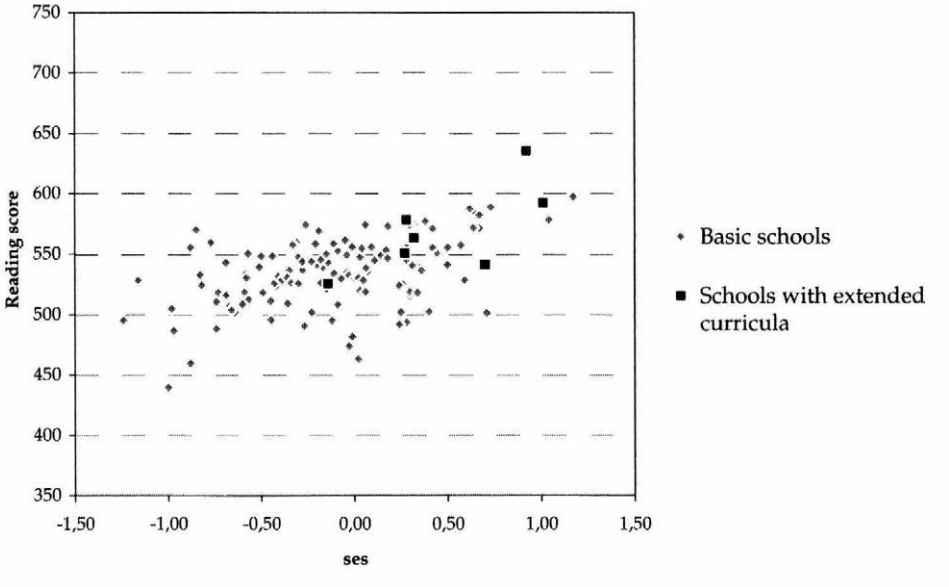


Figure 5. School profiles for Czech schools for grade 8 (TIMSS)

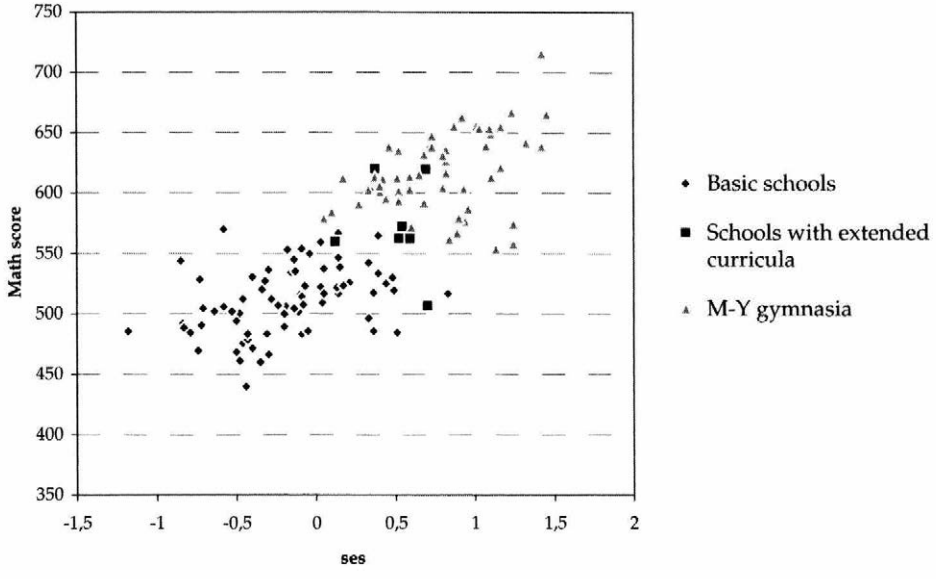
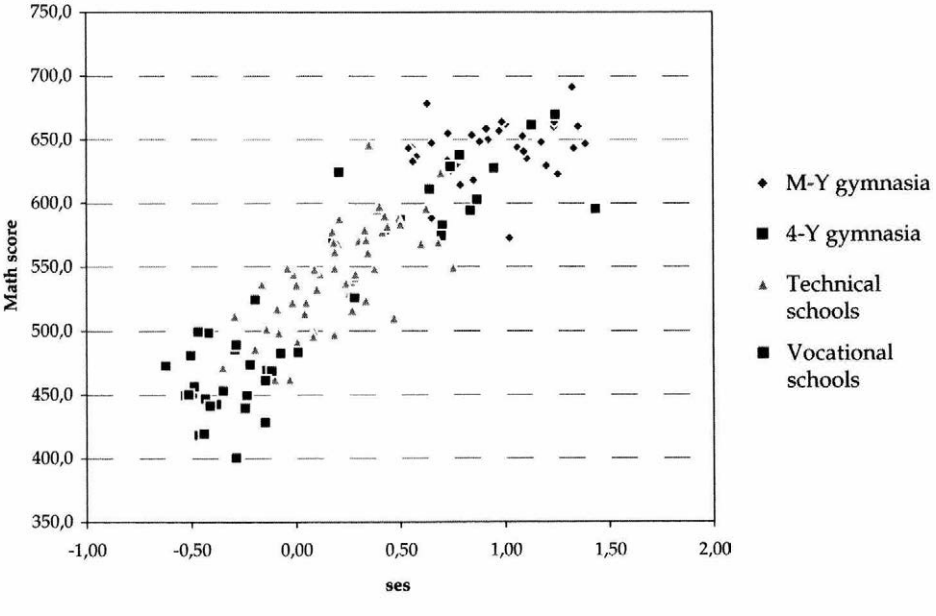


Figure 6. School profiles for Czech schools for grade 10 (PISA)



Teaching attitudes

Studies of the impact of homogenous grouping on student achievement show that teaching methods and teacher beliefs and attitudes significantly contribute to the widening of the gap between the higher and lower achieving classes [Harlen and Malcolm 1999; Slavin 1990]. Logically, in non-tracked systems teachers have to find different ways of educating all children, and they have to use teaching methods suitable for teaching in heterogeneous classrooms because they cannot avoid this responsibility by sending students with a poorer performance to special schools or classrooms. I tried to check this hypothesis on the data from large-scale surveys. Unfortunately, only few variables collected in these surveys could be used to verify this hypothesis. In Table 6 the results of the analysis are presented. Countries were divided into three groups according to the age at the time of the first selection in the education system: group 1 – first selection at the age of 10–11, group 2 – first selection at the age of 12–14, group 3 – first selection at the age of 15–16. The division of the countries is shown in appendix B.

Although the data available from questionnaire surveys accompanying large-scale studies cannot provide a complete picture about the teaching methods and attitudes in different education systems, the results show some distinct

Table 6. Selected indicators on teacher support for systems with various levels of tracking

	Group 1	Group 2	group 3
	percentage of teachers		
Differentiated reading materials (PIRLS TQ)	16.8	35.5	47.0
Availability of teaching aid (PIRLS TQ)	10.0	31.5	50.1
Availability of a reading specialist (PIRLS TQ)	17.0	45.0	54.0
	percentage of students		
Teacher interested in every student's learning (PISA StQ)	54.7	57.3	59.1
Teacher helps students with learning (PISA StQ)	63.8	65.3	79.5
	standardised score		
Index of teacher support (PISA 2003 StQ)	*–0,102*	*–0,075*	*0,061*
	percentage of teachers		
Some students have a talent for science, others do not (TIMSS TQ)	74.8	59.3	65.0

Table 7. Selected indicators on teacher support for systems with various levels of tracking in the Czech Republic, Canada, Sweden, and Finland

	CZE	CAN	SWE	FIN
	percentage of teachers			
Differentiated reading materials (PIRLS TQ)	9	22	62	
Availability of teaching aid (PIRLS TQ)	10	42	51	
Availability of a reading specialist (PIRLS TQ)	25	52	82	
	percentage of students			
Teacher interested in every student's learning (PISA StQ)	45	63	54	69
Teacher helps students (PISA StQ)	55	87	87	87
	standardised score			
Index of teacher support (PISA 2003 StQ)	-0,24	0,27	0,67	0,20
	percentage of teachers			
Some students have talent, others do not (TIMSS TQ)	85	64		54

differences, especially between education systems at both extreme ends (the differences between all the variables shown in the table are statistically significant). The findings confirm the third hypothesis. Teachers in systems that do not track children more often use differentiated materials for students and work with teaching aids and reading specialists. They give students more help and support. Some differences were revealed also in the proportion of teachers who believe that some students possess a gift for sciences and others do not. One can assume that teachers who share this assumption may invest less effort in education of children 'without talent'. Table 7 shows the differences in teacher support between the Czech Republic, Nordic countries, and Canada. The differences between the values for the Czech Republic and for the other countries are statistically significant.

Conclusion

The aim of this paper was to explore the development of the relationship between a student's achievement and his/her socio-economic status at different stages in the educational career in the Czech Republic. The reference countries used were the Nordic countries (Sweden and Finland) and Canada. These countries exhibit similar student performance and similar variation in socio-economic background and at the same time – unlike the Czech Republic – do not track children till the age of 16.

The results show that at the primary school level (where tracking in the Czech education system only starts) the relationship between a student's achievement and his/her socio-economic status is comparable in all the analysed countries. In higher grades the socio-economic gradient in the Czech Republic is steeper than in Finland, Sweden, and Canada, and the Czech Republic also exhibits higher variation in student achievement than Finland and Canada.

In multilevel analysis, the Czech Republic also exhibits evidence of a much higher influence of the social composition of students in individual schools on student achievement than all the countries in the comparison. The school profiles show that the distribution of students to particular school types follows the socio-economic status of the students.

The analysis also supported the hypothesis that the relationship between a student's attainment and his/her socio-economic status is strengthened not only by the structure of the education system (=early tracking) but also by the teaching methods and teacher attitudes. The data show that teachers in non-tracked systems more often differentiate teaching, use remedial methods, and give students better support. However, the questionnaire survey used in the international large-scale surveys provides only a limited amount of information in this area. In order to explore the differences between systems with different levels of tracking in this field further investigation would be needed.

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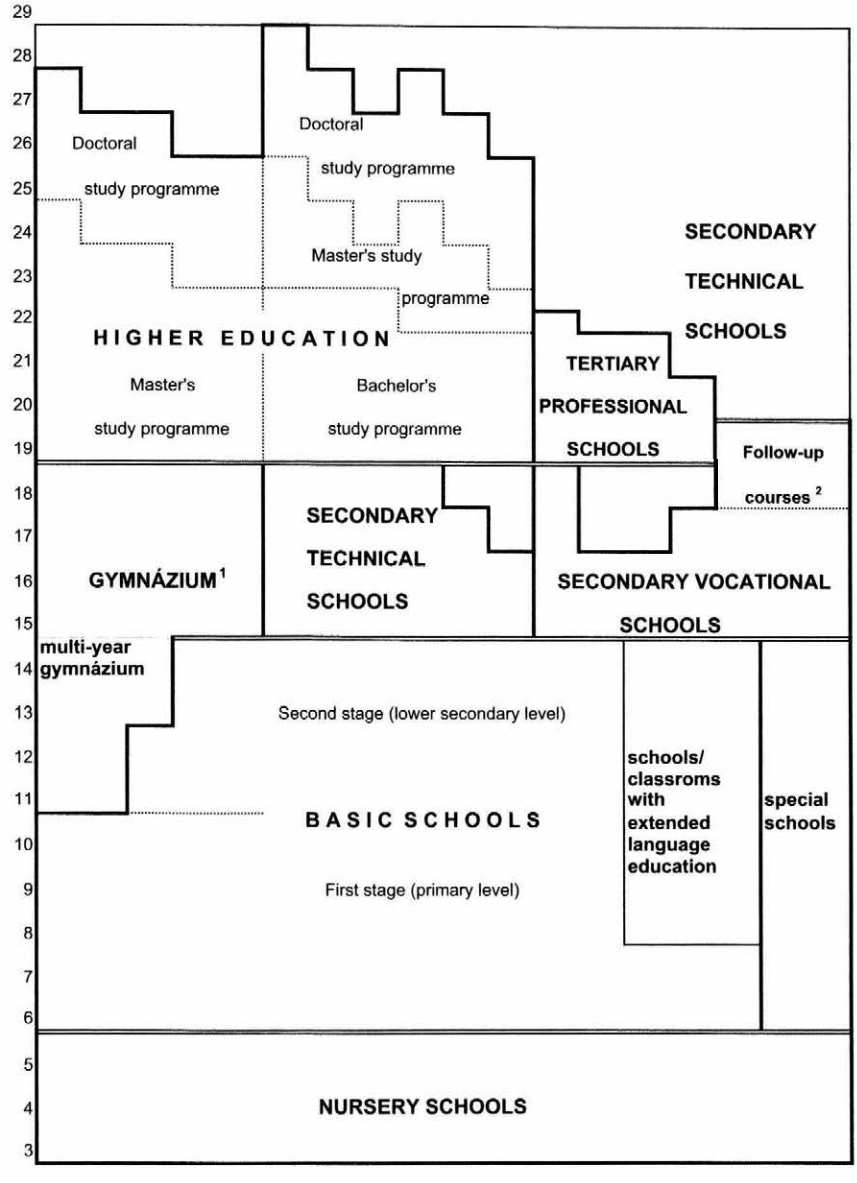
Appendix A

Structure of the education system, Czech Republic (2004/2005)



1. Compulsory education lasts nine years. The majority of pupils complete it at basic schools. Pupils who study at a multi-year *gymnázium* complete it in relevant years of *gymnázium*.
2. A follow-up study is designed for graduates of three-year courses at secondary vocational schools. It gives them the opportunity to improve their qualifications and pass *maturitní zkouška* (school-leaving exam), which gives them access to higher education.

Appendix B

Table B1. Countries according to the age which the first selection in the education system takes place

Country	age of first selection	group
Austria, Germany	10	1
Czech Republic, Slovak Republic, Hungary, Turkey	11	1
Mexico, Belgium, Netherlands, Switzerland	12	2
Luxembourg	13	2
Italy, Korea	14	2
Greece, Portugal, France, Ireland, Japan, Poland	15	3
Norway, Australia, Canada, Denmark, Finland, Iceland, New Zealand, Spain, Sweden, United Kingdom, United States	16	3

Source: Education at a Glance 2005.

Effects of Changes in Tax/Benefit Policies in Austria 2003–2005

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Abstract: The aim of this paper is to evaluate whether policy reforms in Austria between 2003 and 2005 were successful in meeting redistributive objectives and in reducing poverty. The authors use the tax/benefit micro-simulation model EUROMOD for this analysis. In the period under review the 2004–2005 tax reform was introduced and contributions to health insurance were raised. On the benefit side no major changes took place, the main family benefits were not even indexed to inflation. The authors find that the measures had no significant impact on poverty and income distribution. However, in total they increased the disposable income of almost all groups of the population.

Keywords: policy reform, micro-simulation, income inequality, redistribution, Austria

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Introduction

The Austrian welfare system does not focus primarily on persons at risk of poverty. As the Austrian National Action Plan for Social Inclusion states, 'family policy is based on the principle of horizontal compensation, with state benefits being redistributed away from persons without dependent children to those who have childcare obligations' [*National Action Plan*... 2001: 18]. However, the same source points out that 'in Austria there is a general consensus that combating poverty and social exclusion are central matters of political concern for society' [*Second National Action Plan* ... 2003: 3]. Therefore, it could be argued that in Austria the approach to combating poverty is 'preventive', as it includes the whole population – not just the socially disadvantaged – in the welfare state system. In fact, the redistributive impact of taxes and benefits from high- to low-income classes is considerable.

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The aim of this paper is to evaluate whether the tax/benefit policy reforms introduced between 2003 and 2005 were successful in reducing poverty and in meeting redistributive objectives (connected with the reduction of inequality of disposable income with respect to differences in primary income and family composition). The questions addressed in this article are:

- Who benefited and who lost out from the changes to taxes and benefits?
- Did vulnerable groups, particularly children or the elderly, gain from these reforms?
- What were the effects on people living in different household types (e.g. households with and without children, single parents, etc.)?
- What were the consequences of the policy changes in terms of social security contributions, income tax, and cash benefits paid/received by each income quintile?
- How did the redistributive impact of these instruments change over time?

In order to answer these questions, we use the tax/benefit micro-simulation model EUROMOD. The tax/benefit model is based on representative household micro-data and is designed to analyse the effects of changes to components of disposable household income, particularly social security contributions, personal taxes, and cash benefits. Austria is one of the few countries that make little use of tax/benefit micro-simulation for national policy analysis and debate. Instead, it usually evaluates tax/benefit changes using administrative data, which refer only to individuals, or by analysing the effects on 'typical' model families. However, when analysing distributional effects the household context is crucial, and there are limitations to measuring the effects on model families, as the effects represent only a certain part of the whole population. In contrast, tax/benefit micro-simulation models are able to analyse the effects of policy changes and of their interactions with already existing policies on all population groups, both at the individual and at the household level.

We use the EU-SILC 2004 with income data for 2003 as the source of data for the analysis.[1] The special approach we apply makes it possible to measure the 'pure policy effect' of the reforms. The approach is described in more detail below.

This article begins with a description of methodological issues, like the capabilities of EUROMOD and tax/benefit micro-simulation models in general, followed by explanations of the approach and definitions we apply throughout the paper. A short overview is then provided of Austria's position in Europe with regard to the structure of taxes and benefits and social inclusion and income distribution. This is followed by a description of the policy reforms introduced be-

[1] The EU-SILC (Survey on Income and Living Conditions) micro-data including detailed national income variables is provided by Statistik Austria (see Statistik Austria [2006a] and http://www.statistik.at/fachbereich_03/eusilc_txt.shtml). The sample comprised 11 524 individuals in 4521 households.

tween 2003 and 2005 and an evaluation of their impact on poverty and income distribution. The article closes with a summary of findings and conclusions.

Methodological issues

Tax/benefit micro-simulation and EUROMOD

The tax/benefit micro-simulation model EUROMOD is a flexible tool that enables research on the effects of policy reforms that have an impact on incomes, poverty, inequality, and social inclusion.[2] Particularly important for the purpose at hand is that it facilitates an analysis of policy changes at a very high level of detail and coherence. With EUROMOD it is possible to analyse single components of the tax/benefit system in a broken-down form, which are hard to obtain from other sources (e.g. benefits broken down by income, age, gender and household type).

Micro-simulation models are based on household micro-data from representative sources. Disposable income is calculated for each household in the dataset by using elements of income taken from survey data (e.g. original income from employment) combined with components that are simulated by the model (taxes and benefits). The calculations are performed once for a basic scenario – in this case the tax/benefit system in place in 2003 – and then again for one or more policy change(s). These policy changes can take the form of potential reforms that policy-makers or researchers might be interested in, or they can take the form of real changes from one year to the next – in this case the tax/benefit changes between 2003 and 2005.

The basic output from EUROMOD is the micro-level change in household disposable income resulting from changes in taxes and/or benefits. This provides the basis for calculating:

- impacts on measures of poverty and inequality
- differential effects on groups of socio-economic interest, classified by individual or household characteristics
- estimates of aggregate effects on state revenue and expenditure

The areas of policies covered by EUROMOD include social security contributions (both employee and employer contributions[3]), income tax, and cash benefits. Not covered, for example, are indirect taxes (e.g. value added tax) and benefits in kind (e.g. free access to health and education services). Furthermore, the underlying micro-data does not usually include information on social insurance contribution histories, so it is not possible to fully simulate social benefits that are

[2] For a detailed description of EUROMOD see Sutherland [2001]; for a discussion of the applicability of indicators of social inclusion in EUROMOD see Atkinson [2002].

[3] As social security contributions by employers do not affect disposable income, they are not included in this paper.

contributory (pensions,[4] unemployment benefits, sickness benefit, maternity benefit, etc.). These are, therefore, drawn directly from the data. On the other hand, simulated benefits are fully simulated, which means that possible non-take-up by eligible persons is not taken into account (this is especially the case of social assistance). Measures of poverty and inequality in income contribution consequently tend to indicate lower values than in the underlying original datasets.

Measuring the 'pure' impact of policy changes

A common approach to analysing the effect of reforms of the tax/benefit system is to use income data for successive years. However, a change observed by this method reflects not only the impact of policy reforms but also the impact of other influences, such as changes in the level of economic activity, changes in demographic composition, or changes in the distribution of sources of primary income.[5] It is difficult or impossible to break down the observed change into the individual parts stemming from each particular influence, not least because they are not independent of each other. However, static micro-simulation models, such as EUROMOD, facilitates an approach in which most influences are held constant and we are then able to focus on the 'pure' effect of the reforms of the tax/benefit system (the day-after effect). In other words, we ask what would have happened if nothing but policy rules had changed. This is achieved by comparing outcomes of applying the 2003 tax/benefit rules and the 2005 tax/benefit rules on the same micro-data (for 2003) to analyse the policy reforms between 2003 and 2005. In this way we can measure the 'first-order' or 'over-night' effects of moving from the 2003 to the 2005 tax/benefit system, abstracting from the effects of demographic, macro-economic, and behavioural changes [cf. Sutherland 2002].

Concepts and definitions

Throughout this article we use equivalised incomes, taxes, and benefits. This means that we sum up, for example, the disposable income of all household members and then assign a proportion of this sum to each household member. The proportion is computed by dividing the household sum by a factor that accounts for economies of scale, i.e. the fact that larger households are better off than smaller ones owing to the sharing of certain resources (e.g. heating).[6] Exceptions to this rule are made in Figure 1, where, for obvious reasons, unequivalised

[4] In our case, only the pension top-up is simulated.

[5] See Immervoll et al. [2006] for an assessment of these influences.

[6] We use the modified OECD equivalence scale as the divisor, which gives a weight of 1 to the first adult in the household, a weight of 0.5 to each additional adult, and a weight of 0.3 to each child (under 14 years of age).

income is used, and in Table 8, where, again for obvious reasons, unequivalised taxes and benefits are used.

Income deciles are defined by proportionally dividing the population into ten groups according to their equivalised disposable household income. Poverty is assessed using poverty rates that indicate the share of persons with equivalised disposable income below the poverty line. The poverty line is defined as 60% of median equivalised disposable income. As we are aiming to measure the 'overnight' effect of policy changes based on the situation in 2003, i.e. their effect if nothing else had changed, we 'retain' the poverty line and do not recalculate it after simulating the reforms. The 'sense of (relative) poverty' consequently also remains the same. With this measure, more substantial decreases in poverty rates are to be expected, since higher incomes do not affect the poverty line.

To apply the 2005 policy rules to the 2003 data, monetary values are uprated using the consumer price index to account for inflation. Thereafter, for the purpose of comparison, all results are adjusted to 2003 prices. For the household type, we define children according to the eligibility criteria of the family allowance (*Familienbeihilfe*), i.e. persons under the age of 18, or under the age of 26 if enrolled in full-time education, and not exceeding a certain income limit.

Depending on the perspective, pensions can be classified as benefits or original income. We regard pensions as 'state-forced savings' and count them – with the exception of the pension top-up (*Ausgleichszulage*) – as part of the original income and not as benefits.[7] On the other hand we regard the child tax credit (*Kinderabsetzbetrag*) as a benefit, as it is granted as a transfer (negative tax paid together with the family benefit) independent of the tax liability and with no influence on it.

Austria in a European context

This section is not intended to be a comprehensive analysis of Austria's position in Europe with regard to the structure of taxes and benefits and its situation with regard to social inclusion and income distribution, as that would go beyond the scope of the article. The aim instead is to provide a general picture by looking at important and frequently used indicators.

Size and structure of taxes and benefits

The size of the public sector in terms of revenues and social expenditures is comparatively large in Austria. On the revenue side, in 1998 the level of taxation (including social security contributions) amounted to 43.9% of GDP. After reaching

[7] As the only exception in the international comparison in Figure 1, pensions are counted as benefits (for technical reasons).

Table 1. Size of public sector revenues and social expenditures in % of GDP[8]

	1998		2003	
	Revenues	Social expenditure	Revenues	Social expenditure
Austria	43.9	28.4	42.9	29.5
OECD Europe	38.6		38.3	
EU-15	40.3	27.5	39.7	28.3 (EU-25: 28.0)

Source: European Commission/Eurostat [2006]; OECD [2006].

a peak in 2001, it decreased to 42.9% in 2003 and, mainly owing to the 2004/2005 tax reform, it decreased to 41.9% in 2005, but is still above the OECD-Europe and the EU-15 averages. However, the composition of public revenues implies a rather low rate of progression: the share of progressive taxes on income and profits plus taxes on property amounts to only 31%. The share on the OECD-Europe and EU-15 average is considerably higher (37–38%) [OECD 2006].

The level of social expenditure in relation to GDP in Austria is somewhat above the EU average. In 1998 it amounted to 28.4% of GDP and increased mainly as a result of the extension of family benefits by 1.1 percentage points to 29.5% in 2003. The higher social expenditure in comparison to other European countries can basically be explained by the high expenditure in the categories 'old age and survivors' and 'family' [European Commission/Eurostat 2006].

Focusing in more detail on the instruments analysed in this paper, i.e. social security contributions, income taxes, and cash benefits, with regard to social security contributions we find a relatively stable rate at a high level of more than 14% of GDP in Austria, which is still clearly above the OECD-Europe and EU-15 averages. The upper contribution limit leads to the regressive impact of social security contributions, as in relation to income it puts a heavier burden on low income groups than on higher income groups. On the other hand, the size of the revenues from (progressive) taxes on income and profits is closer to the OECD-Europe and EU-15 averages, but tends to remain below them. The latest tax reform reduced the share in the GDP to 12.0% in 2005 [OECD 2006].

The major part of total social expenditures consists of monetary transfers, which in Austria are around 72% and in the European Union around 68%. Again, in Austria the rate of cash benefits as a percentage of GDP is higher than the EU average, and after the extension of family benefits in 1999/2000 it amounted to

[8] No data is yet available for 2005.

Table 2. Social security contributions, income and profit taxes, cash benefits in % of GDP[9]

	1998			2003			2005		
	Social security contrib.	Income and profit taxes	Cash benefits	Social security contrib.	Income and profit taxes	Cash benefits	Social security contrib.	Income and profit taxes	Cash benefits
Austria	15.1	12.9	19.8	14.5	12.7	20.5	14.4	12.0	n/a
OECD Europe	11.2	13.4		11.1	12.6		n/a	n/a	
EU-15	11.4	14.5	18.1	11.4	13.4	18.3 (EU-25: 18.1)	n/a	n/a	n/a

Source: European Commission/Eurostat [2006], OECD [2001, 2006].

more than 20% in 2003 [European Commission/Eurostat 2006]. No correspond ing data for 2005 are available as yet, but monetary transfers derived from the system of national accounts indicate a decrease by 0.5 percentage points in 2005 [BMSG 2006; Statistik Austria 2006b].

The expenditure side of the Austrian welfare state is characterised by the principle of horizontal equity. While in the EU-25, only a small share of cash benefits goes to means-tested benefits, in Austria the share (4%) is even smaller than the EU average (8%) [European Commission/Eurostat 2006]. In Austria the cash benefits are dominated by benefits within the social insurance system, which are related to past income levels: including pensions for civil servants, the share reaches 70% of all cash benefits. The second-largest type are universal benefits (mainly family-related), at a share of 15%.

In 2003, almost two-thirds of the cash benefits were made up of old age and survivor benefits, 13% are family transfers, 10% invalidity benefits, 6% unemployment benefits, 5% cash benefits connected with sickness and 1% are other transfers. Since 1998 family benefits exhibited the biggest increase [BMSG 2006].

To this point we have been looking at the Austrian tax/benefit system from a macro-economic perspective. Now we will apply EUROMOD to look at the micro-economic side. EUROMOD covers all EU-15 member states. It constitutes a knowledge base on different national structures and policy systems within a comparative framework.[10] We use it to analyse the micro-economic effects of so-

[9] For 2005, no data is yet available on the European level.

[10] EUROMOD relies on micro-data from twelve different sources from fifteen countries. None of the data providers bear any responsibility for the analysis or interpretation of the data reported here.

cial security contributions, income taxes, and cash benefits in a European context and compare the composition of a standardised EUR 100 of disposable income in 1998.[11]

Figure 1 shows the results for an average household and for low- and high-income households. For seven countries (Austria, Finland, Greece, Ireland, Italy, Portugal, United Kingdom) market income constitutes on average between 95% and 105% of disposable income, meaning that in these countries the state 'takes away' about the same amount in taxes and employee contributions as it 'provides' in cash benefits. In Austria, the share of cash benefits (including pensions) slightly outweighs social security contributions and income taxes. On the contrary, in the EU-15 the average market income is slightly higher than disposable income, and, like in Austria, slightly more emphasis is put on the role of income taxes than on that of social security contributions.

For households in the bottom decile, market incomes and state transfers each account for approximately 50% of disposable income in six EU-15 countries (Austria, France, Greece, Luxembourg, Spain, and Sweden). This is also the case for the EU-15 average. In Austria people in the lowest income decile pay only social security contributions and almost no taxes, whereas on average in the EU-15 the share of each of the two instruments is almost equal.

Looking at households in the top decile, in practically all countries the share of income taxes to be paid is higher than the share of social security contributions. This relates to upper contribution limits for social security contributions and to progressive income tax scales. An interesting pattern is that the share of benefits is considerably higher in Austria compared to other countries. In part this can be explained by the fact that income is more equally distributed than in other EU countries, but it is also a reflection of the importance of social-insurance related and universal benefits in Austria. Moreover, in Austria public pensions – especially of civil servants – form a considerable portion of disposable income in the top decile, while in other countries public pensions are of less importance for the top decile.

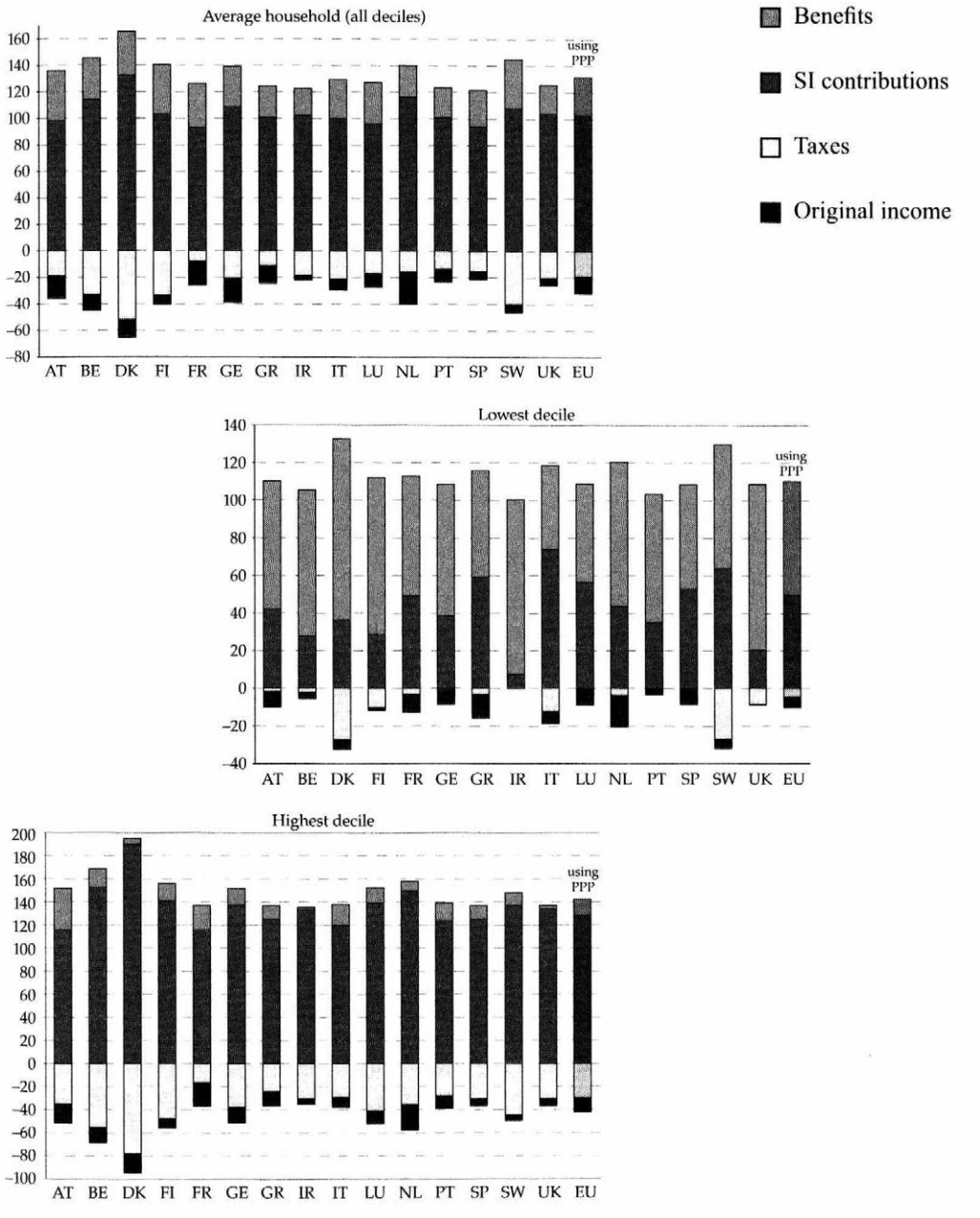
Poverty rates and inequality of income distribution

According to European convention, 60% of the median equivalised income constitutes the at-risk-of-poverty threshold, which in 2003 in Austria was EUR 10 182 for a one-person household per year (1998: 8628).[12] About 13% of people in Austria

[11] Note that in the scope of the model major parts of taxes (e.g. indirect taxes) and benefits (e.g. benefits in kind, public services) are not included. Public pensions are classified as benefits here.

[12] In this paper the year relates to the year the incomes refer to. As Eurostat defines the year after the year the data was gathered (= income year+1), the listed figures can be found under the year 2004 (incomes 2003) on the Eurostat website.

Figure 1. Composition of EUR 100 of disposable income in Austria and other EU countries, 1998



Note: Income components are based on unequivalised household disposable income; pensions are classified as benefits.
Source: Euromod (Christine Lietz's calculations).

Table 3. Poverty rates in Austria and in the EU, 1998 and 2003 (%)

	1998					2003				
	Total	Men	Women	<16	>64	Total	Men	Women	<16	>64
Austria	12	10	14	14	24	13	11	14	15	17
EU-25	16	15	17	19	17	16	15	17	20	18
EU-15	16	15	17	19	17	17	15	18	20	19
EU-10	n.a.	n.a.	n.a.	n.a.	n.a.	16	16	16	22	9

Note: Poverty rate: share of people living in households with disposable income below the poverty line; poverty line: 60% of median equivalised disposable household income.
Source: Eurostat-New Cronos [2007].

Table 4. Gini-coefficients in Austria and in the EU, 1998 and 2003

	1998	2003
Austria	0.26	0.26
EU-25	0.29	0.30
EU-15	0.29	0.30
NMS-10	nd	0.30

Note: Based on equivalised disposable household income.
Source: Eurostat-New Cronos [2007].

were living in households with an equivalised income below the threshold (1998: 12%). In a European comparison this at-risk-of-poverty rate is relatively low, at 3 to 4 percentage points below the EU-25 and EU-15 averages. Both in Austria and on the European average, at-risk-of-poverty rates are higher for women than for men.

Table 3 also shows the at-risk-of-poverty-rates for children (in this case defined as persons under the age of 16) and elderly people (aged 65 and over) in contrast to the rates for the whole population. In Austria, both children and, in particular, elderly people face a higher at-risk-of-poverty rate than the total population. With regard to child poverty, Austria ranks consistently lower than the EU average, while in terms of old-age poverty Austria found itself clearly above the EU average in 1998 but slightly below it in 2003 [Eurostat-New Cronos 2007].

Not just overall poverty rates are lower, but also the disposable equivalised income of households is more equally distributed in Austria than on the European average. The Gini-coefficient shows the percentage of income concentration, which amounts to 26% in Austria. On average in the EU it amounts to about 30%.

To sum up, the amount of the social security contributions and income and profit taxes on the one hand and cash benefits on the other is relatively large in Austria. This means that on average the state draws a relatively high share of market incomes in the form of contributions and taxes but also provides a relatively high share of cash benefits to private households. In contrast to the other European countries, (basically regressive) social insurance contributions play a more important role than (progressive) taxes on income and profits. Both at-risk-of-poverty rates and the inequality of income distribution (measured in equivalised disposable income) are below the EU average.

Changes in tax/benefit policies 2003–2005

In this chapter, we will first describe the most important policy changes implemented between July 2003 and June 2005 in Austria, which are covered by the analysis. Thereafter, the main part of this chapter refers to the distributional consequences of the implemented policy reforms.

Description of the changes taken into account in the analysis

In the period under review the main changes in tax/benefit policies were introduced in the 2004/2005 tax reform. Contributions to health insurance were also raised and some small changes took place on the benefit side.

Regarding social insurance contributions, while in 2003 employees were required to make contributions between 17.65% (white collar) and 18.2% (blue collar) of gross income for social security, subsidised housing and compulsory contributions to the legal representation of interests, in 2005 these contributions amounted to between 18.0% (white collar) and 18.2% (blue collar). The increase of the total contribution rate is a result of the increased contributions to health insurance, which affected pensioners (who pay only contributions to health insurance), the self-employed, farmers, and civil servants, who have their own contribution rates. Table 5 contains the changes for the most important groups:

In general these changes led to a heavier burden on all groups, with pensioners being the most affected. Because of the upper contribution limit, the changes tend to have a (small) regressive impact.

With the objective of increasing the employment rate of the elderly and extending their participation in the labour market, alongside other measures, contributions to unemployment insurance were abolished for female employees above 56 years of age and male employees above 58 years of age. This measure benefits elderly employees and consequently usually people with higher incomes.

In the course of the pension reform in 2004, the pension contributions of active federal civil servants were again differentiated. Within the group of civil serv-

Table 5. Contributions to health insurance 2003 and 2005 in % of gross income[13]

	Blue-collar workers	White-collar workers	Self-employed	Farmers	Civil servants	Pensioners
2003	3.95%	3.40%	8.90%	6.40%	3.95%	3.75%
2005	3.95%	3.75%	9.10%	7.50%	4.10%	4.95%

Source: HV SV [2003, 2005].

ants, this meant a (slight) redistribution in favour of younger groups with less income.

In 2004 the pension contribution rate for federal civil-servant pensioners was raised by one percentage point to (depending on the date of retirement) 3.1% or 3.3%.

In 2005, the upper contribution limit for social security contributions was raised, extraordinarily, by 5.2% [BMSG 2006]. This puts a somewhat higher burden on higher income groups.

The 2004/2005 income tax reform was introduced in two stages. Within the first stage tax credits targeting families were further increased: Supplements with regard to the number of children were added to the single-earner/single-parent tax credit (thus far at a uniform EUR 364 per year), which are also paid as negative tax:

- EUR 130 for the first child,
- EUR 175 for the second child, and
- EUR 220 for each additional child.

In addition, the income limit for the spouse for the single-earner tax credit was increased from EUR 4400 to EUR 6000 per year, if the couple has at least one child.

The second stage of the 2004/2005 tax reform integrated the increased general tax credit into the regular income tax schedule. The tax schedule was reduced to four income brackets with three marginal tax rates from 38.33% to 50%,[14] and the tax-free zone was enlarged [Breuss et al. 2004; BMSG 2004].

The tax reform results in about 350 000 persons more who owing to low income do not have to pay income tax; out of the about 5.9 million people subject to income tax, about 2.55 million are exempt from paying tax. However, as the general negative tax was not increased, people without or with very low income are not relieved by the tax reform.

[13] Excluding contributions by employers.

[14] However, a special flat rate of 6% applies to the 13th and 14th salary payments of employees and lowers the marginal tax rates.

Table 6. Income tax: tax rates and bands

Up to 2004*		Since 2005**	
Tax bands	Rate	Tax bands	Rate
For the first EUR 3640	0%	For the first EUR 10 000	0%
For an additional EUR 3630 (up to EUR 7270)	21%	For an additional EUR 15 000 (to EUR 25 000)	38.33%
For an additional EUR 14 530 (to EUR 21 800)	31%	For an additional EUR 26 000 (to EUR 51 000)	43.60%
For an additional EUR 29 070 (to EUR 50 870)	41%	For all additional amounts	50%
For all additional amounts	50%	–	–

Note: Income liable to tax: gross income minus social security contributions; * General tax credit not integrated; ** General tax credit already integrated.
Source: Einkommensteuergesetz (Income Tax Act), § 33 [2003, 2005].

The highest relative tax savings occur at a yearly taxable income of EUR 11 000 (6.1%). The savings are reduced to 0.7% when income increases to EUR 22 000 and slightly rise again to 1.6% when income increases to EUR 35 000. For higher incomes the savings drop continuously. In comparison to 2003, up to a yearly income (gross minus social insurance contributions) of EUR 50 000, the fiscal drag is compensated for all income recipients [Breuss et al. 2004]. The changes concerning the single-earner/single-parent tax credit also improved the situation of single parents, who are exposed to an above-average risk of poverty.

The changes in cash benefits affected pensions and family benefits. The cumulated increase of the pension top-up between 2003 and 2005 (3.0% for single persons) was higher than the increase for average pensions but below the development of the consumer price index (cumulated 4.4%). However, in 2004, there was an extraordinary increase in the pension top-up for couples of 5.1% [cf. HV SV 2006: 89]. In the period under investigation only the financial safeguarding of low pensions of couples was secured.

In the area of family-related benefits only minor changes occurred between 2003 and 2005. In general, the changes were more in favour of low-income groups but were small in extent:

- in 2004 the childcare benefit was increased by 50% for multiple births;
- for the means-tested supplement to the childcare benefit (approx. EUR 181 per month) the personal income limit was increased from EUR 3997 to EUR 5200 per year in 2004;
- along with the extraordinary increase of the upper contribution limit for social security contributions, the limit of the yearly taxable family income for eligi-

bility for the surcharge on family allowance with three or more children was increased by 5.2% in 2005 [AK 2004, 2005].

Besides these small changes, the main family benefits (family allowance, child tax credit, childcare benefit) were neither changed nor 'indexed' in the period between 2003 and 2005. In Austria, family benefits are generally not indexed, which means that (without reforms) the benefit amounts proportionally fall short of other incomes.

Empirical findings

Table 7 shows the population broken down into different groups (by gender, age and household type) and the averages of these groups' equivalised disposable household incomes per month in the year 2003. Persons living in single-parent households (78% of total average income) and persons living in households of couples with three children or more (80% of total average income) are the poorest population groups under consideration. The group with the highest income are persons in non-single households without children (111% of total average income).

Children (under the age of 18) have a lower income than the population average, while the elderly (60 years and older) are slightly above the population average. Moreover, there is a gap between the disposable household income of women (98% of total average) and men (102% of total average).

Looking at income deciles, the total average income is exceeded in the 7th decile. In the lowest decile the average income is less than half of the total average (44%), and in the highest decile more than twice of the total average (206%).

Looking at the effects of changes in the tax/benefit system, Figure 2 shows changes in household disposable income. On average, the policy reforms between 2003 and 2005 resulted in a 0.4% increase of disposable household income. Figure 2 shows no clear pattern with regard to progressivity. While there is almost no change in the top and the bottom deciles, the lower deciles gain slightly more than the higher deciles with the highest gains in decile 3 (plus 0.9%). This pattern is caused by the interaction of the reliefs stemming from the tax reform in 2004-2005 and the non-indexation of family benefits; the latter leads (isolated from other changes) to losses in real income (see below).

The reduction in disposable household income owing to the non-indexation of family benefits becomes more evident when the changes in disposable income are regarded from the perspective of different household types. Households without children gain on average more than household types with children. However, the differences are not very large (multiple-person households without children gain 0.6%, singles 0.4%).

The same is true for differences with respect to age groups: people of working age gain slightly more (plus 0.5%) than children (plus 0.3%) and the elder-

Table 7. Average equivalised disposable income by population group, 2003

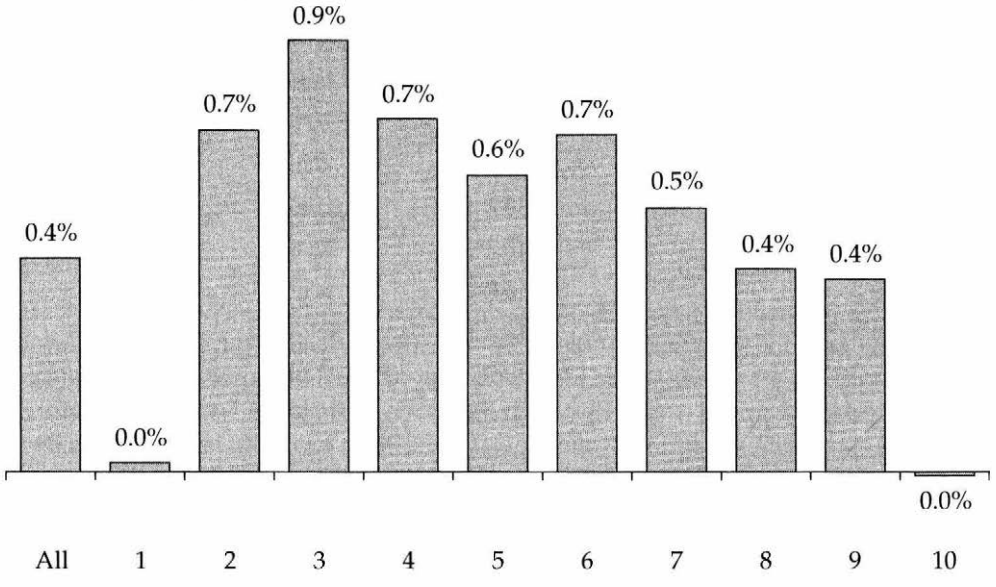
	Share of population	In EUR monthly	% of total average
All	100.0%	1641	100.0%
Decile 1	10.0%	725	44.2%
Decile 2	10.0%	973	59.3%
Decile 3	10.0%	1140	69.5%
Decile 4	10.0%	1276	77.8%
Decile 5	10.0%	1417	86.4%
Decile 6	10.0%	1573	95.9%
Decile 7	10.0%	1735	105.7%
Decile 8	10.0%	1940	118.2%
Decile 9	10.0%	2250	137.2%
Decile 10	10.0%	3381	206.1%
Hh type*: single	14.5%	1574	95.9%
Hh type: single parent	3.9%	1284	78.2%
Hh type: ma no child	34.9%	1819	110.9%
Hh type: ma 1–2 children	37.5%	1618	98.6%
Hh type: ma 3+ children	9.1%	1313	80.0%
Age 0–17	20.4%	1471	89.6%
Age 18–59	58.6%	1694	103.3%
Age 60+	21.0%	1657	101.0%
Female	51.4%	1608	98.0%
Male	48.6%	1675	102.1%

* Hh=household; ma = more (than one) adult; share of persons living in such an hh.
Decile groups based on equivalised disposable household income.
Source: Euromod based on EU-SILC 2004 (authors'calculations).

ly (plus 0.4%). This may be explained by the non-indexation of family benefits on the one hand and the raise in health insurance contributions, which affects the elderly over-proportionally, on the other.

Figure 3 shows the effect of the policy reforms on poverty rates. Considering the modest impact of the reforms on income distribution, and taking into account the confidence interval (95%), the policy changes in the period under investigation had no influence on poverty rates in general. Poverty rates did not change significantly according to age and gender either. If we look at different

Figure 2. Average percentage change in real disposable income 2003–2005, decile groups

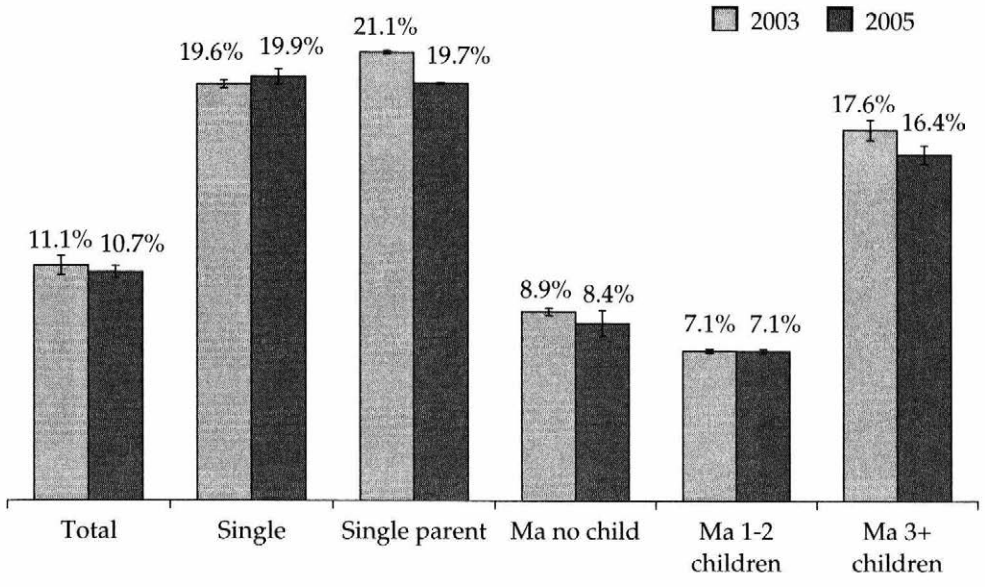


Note: Decile groups based on equivalised disposable household income in 2003.
Source: Euromod based on EU-SILC 2004 (authors' calculations).

household types, some poverty reduction (more than one percentage point based on a 'retained' poverty line) for single parents and couples with three or more children can be observed. Here, the extension of the single-parent/single-earner tax credit including negative tax is decisive.

We now turn our investigation to an assessment of the instruments driving the changes. Following the previous analysis it can be assumed that, as regards changes in income distribution, the effect of the reliefs provided by the 2004/2005 tax reform on the one hand and of the non-indexation of family benefits between 2003 and 2005 on the other hand is counteracting. In addition, for specific population groups, specific policy changes (e.g. the extension of the single-parent/single-earner tax credit for single parents and couples with three or more children, or the increase in health insurance contributions for the elderly) seem to play a role. To assess the contribution of different groups of instruments to overall changes in more detail, we split total changes in disposable income into changes related to social security contributions, income taxes and cash benefits. This analysis is accompanied by an analysis of the share of social security contributions, income taxes, the cash benefits paid/received by each income quintile, and the respective changes between 2003 and 2005, and an assessment of the redistributional effect of each instrument group over time.

Figure 3. Change in poverty rates 2003-2005, household types



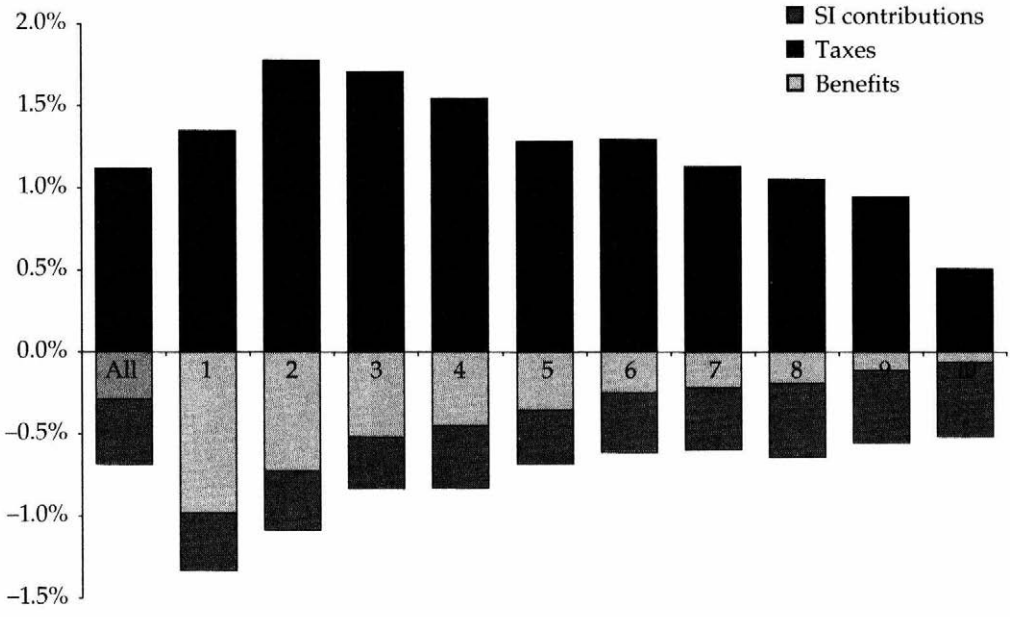
Note: ma = more (than one) adult; Poverty rate: share of people living in households with disposable income below the poverty line; Poverty line: 60% of median equivalised disposable household income in 2003; Statistical reliability of the estimates is shown using confidence intervals at the 5% level
Source: Euromod based on EU-SILC 2004 (authors' calculations).

Figure 4 presents the average changes in disposable income per decile (as in Figure 2); the different colours indicate the composition of these changes. From the perspective of households, increases in benefits and decreases in social security contributions and income taxes are presented on the positive side (above the 0.0%-line); in the same sense, decreases in benefits and increases in social insurance contributions and income taxes are shown on the negative side (below the 0.0%-line).

In sum, increases in disposable income stem from tax reliefs (the 2004/2005 tax reform). In contrast, decreased benefits – mainly due to the non-indexation of family benefits – and increased social security contributions, i.e. health insurance contributions, decrease disposable income. However, on average the gains derived from tax reliefs outweigh these losses. The 2004/2005 tax reform noticeably strengthened household disposable income.

However, particularly for the bottom decile, gains from paying less tax are equalised by losses in benefits and increases in social security contributions. On the one hand, this development is due to the fact that the 2004/2005 tax reform did not increase the general negative tax (only the income bracket eligible for

Figure 4. Average percentage change in real disposable income 2003–2005, decile groups



Note: Decile groups based on equivalised disposable household income in 2003.
Source: Euromod based on EU-SILC 2004 (authors' calculations).

the negative tax was extended). Consequently, the tax reform does little to provide relief to people without or with very low incomes [Breuss et al. 2004]. On the other hand, children are more concentrated in the lower income deciles and income from family benefits forms quite an important part of the total income in these households. Therefore, the non-indexation of family benefits has a stronger impact on low incomes.

For income deciles above the second decile – following the structure of the tax reform – the gains from the tax reform decrease continuously, but so do the losses derived from the non-indexation of family benefits. In terms of higher social security contributions, the higher income deciles are also affected by the extraordinary rise in the upper contribution limit. As a result, in the highest decile the increases in social security contributions almost make up for the gains stemming from the tax reform.

Regarding different household types households with children experience somewhat higher gains in tax reliefs, as some of them are especially targeted at families with children, like the additional amounts for children within the single-earner/single-parent tax credit. However, in real income terms these gains are substantially reduced by reductions in family benefits.

Table 8. Share of instrument per income group, 2003 and 2005 (%)

	2003			2005		
	Social security contributions	Income taxes	Cash benefits	Social security contributions	Income taxes	Cash benefits
Quintile 1	6.2	1.9	31.6	6.3	1.2	31.7
Quintile 2	12.7	6.8	22.1	12.7	5.9	22.1
Quintile 3	18.3	12.2	18.6	18.2	11.7	18.5
Quintile 4	24.7	20.2	15.4	24.6	20.1	15.4
Quintile 5	38.1	58.9	12.2	38.1	61.1	12.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: Quintile groups based on equivalised disposable household income in 2003 and 2005.
Source: Euromod based on EU-SILC 2004 (authors' calculations).

When the changes in disposable household income are analysed by age groups, it can be observed that the gains from the 2004/2005 tax reform are more or less equally distributed among the age groups. The differences lie in the reductions of disposable income caused by the non-indexation of family benefits and the increase in social security contributions. Clearly, children are most affected by the non-indexation of family benefits. On the other hand, the elderly are strongly affected by the increase in health insurance contributions, as pensioners were the group with the highest increase in contributions, and these contributions play quite an important role in relation to their total income.

When the changes in disposable household income between 2003 and 2005 are broken down according to the different tax-benefit instruments, we can analyse the development in the share of social security contributions, income taxes, and cash benefits paid/received by each income quintile. In general, it is evident that lower income groups receive a higher share in total cash benefits than the share of the total social security contributions and total income taxes they have to pay, whereas for higher income groups the opposite is true.

In 2003, the bottom quintile paid 6% of all social security contributions and 2% of all income taxes and received 32% of all cash benefits. In contrast, 12% of all cash benefits went into the top quintile, while it made 38% of all social security contributions and 59% of all income taxes.

Looking at the development between 2003 and 2005, there was practically no change in the distribution of social security contributions and cash benefits across income quintiles. This can be explained by the fact that health insurance

Table 9. Redistributional effect of tax/benefit-instruments, 2003 and 2005

	2003					
	Gini pre	Gini post	RS index*	Rate**	Kakwani index	Reranking index
SIC***	0.337	0.340	-0.002	0.135	-0.013	0.002
Std.error	0.00568	0.00563	0.00001	0.00064	0.00003	0.00004
Taxes	0.340	0.295	0.047	0.179	0.217	0.002
Std.error	0.00168	0.00155	0.00014	0.00098	0.00075	0.00002
Benefits	0.295	0.239	0.064	0.110	0.640	0.008
Std.error	0.00035	0.00012	0.00122	0.00180	0.00296	0.00075

	2005					
	Gini Pre	Gini post	RS index*	Rate**	Kakwani index	Reranking index
SIC***	0.337	0.340	-0.002	0.138	-0.014	0.001
Std.error	0.00621	0.00759	0.00138	0.00225	0.00873	0.00001
Taxes	0.340	0.292	0.050	0.169	0.247	0.002
Std.error	0.00217	0.00116	0.00098	0.00069	0.00359	0.00002
Benefits	0.292	0.238	0.061	0.106	0.637	0.007
Std.error	0.00171	0.00223	0.00124	0.00240	0.00001	0.00072

* Reynolds-Smolensky index
** size of instrument in percentage of base
*** social insurance contributions
Source: Euromod based on EU-SILC 2004 (authors' calculations).

contributions were raised for all population groups – the differences are related to different occupational groups but not to income groups. In the case of benefits, some minor changes and the general non-indexation of family benefits did not change the distribution across the income quintiles.

On the income tax side, the 2004/2005 tax reform led to small changes in the distribution across income quintiles: the proportion of taxes paid by the top quintile (up two percentage points) increased in favour of the lower four quintiles. This is due to the structure of the tax reform with the extension of the tax-free zone on the one hand and the retention of the 50% marginal tax rate for high incomes on the other hand, leading to continuously decreasing gains from the tax reform for higher incomes.

The above results concerning the distribution of the instrument groups across income quintiles suggest that the progressivity of income taxes increased slightly, whereas there was no change in the progressivity of social security contributions and cash benefits. To evaluate whether this first assessment can be proved, Table 9 shows the standard measures for redistribution.

The Reynolds-Smolensky Index of Redistribution represents the difference between income inequality before and after applying an instrument, measured by the Gini-coefficient and the 're-ranking' index. The redistributive effect indicated by the index can be further broken down into progressivity and 'importance'. Progressivity indicates the 'pro-poor' nature – if for example taxes or contributions are disproportionately higher in the upper (lower) part of income distribution, then they are progressive (regressive). We measure progressivity using the Kakwani index, which is positive for progressive instruments and negative for regressive instruments. The amount of redistribution an instrument can achieve not only depends on its progressivity but also on its importance. The importance is indicated by the rate, that is, by the (average) rate that is applied to the base income for calculating the instrument. (The Appendix provides a more comprehensive description of the measures used.)

The Reynolds-Smolensky- and the Kakwani indexes demonstrate the insignificance of changes in social security contributions and cash benefits concerning redistribution. The indexes also confirm that the redistributive impact of income taxes increased with the 2004/2005 tax reform, but the rise is somewhat modest. Not surprisingly, the higher redistributional effect of income taxes stems from the higher progressivity of the instrument (indicated by the Kakwani index) and not from the 'importance' of the instrument, as tax rates were lowered. However, in terms of redistribution (under the assumption of full take-up), cash benefits are still the most important instrument. Due to the upper-contribution limit, social insurance contributions even show a regressive effect.

Conclusion

The aim of this analysis is to evaluate whether policy reforms in Austria were successful in meeting redistributive objectives and in reducing poverty. The main findings based on the tax/benefit micro-simulation model EUROMOD relating to equivalised disposable household income are:

Changes in the tax/benefit system between 2003 and 2005 (mainly the 2004/2005 tax reform and increases in health insurance contributions since 2004) led in sum to an average gain of 0.4% in disposable household income. In general, the measures had no significant impact on income distribution or poverty. While there was almost no change in disposable income in the top and bottom deciles, the lower deciles gained slightly more than the higher deciles.

On average households without children profited more than households with children. However, some poverty reduction for single parents and couples

with three or more children can be observed. With respect to age groups, people of working age gained slightly more than children and the elderly.

If we look at the instruments driving the changes, we find that all population groups benefited from the 2004/2005 tax reform. However, as the tax reform did not increase the (general) negative tax and retained the 50% marginal tax rate for high incomes, the gains are relatively low in the bottom decile, but are the highest in the second decile, from where they decrease continuously with rising income. A noteworthy finding is that increases in disposable income arising from the tax reform were to a certain extent lowered by losses in benefits (in terms of real income). These losses are due to the fact that in Austria family benefits are not 'indexed', that is, they do not rise with inflation or income growth. Consequently, benefit amounts fall proportionally short of other incomes. Especially affected were households with children, meaning that lower income groups were over-proportionally affected, as children are more concentrated in low-income households, and in the case of single parents and couples with three or more children state transfers, in particular family benefits, make up for a relatively high share of their total income.[15] However, the extension of the single-parent/single-earner tax credit in the 2004/2005 tax reform (including negative tax for families with children) supported those vulnerable groups. The elderly were mostly affected by the increase in health insurance contributions, as pensioners were the group with the highest increase in contributions, and these contributions play quite an important role in relation to their income.

In total, the preponderance of gains from the tax reform led to an increase in disposable income. However, as mentioned above, in the bottom decile the gains were fully offset, mainly owing to the losses (in terms of real incomes) caused by the non-indexation of family benefits, and in the top decile as a result of higher social security contributions connected with the extraordinary increase in the upper contribution limit.

Another important part of the analysis related to the share of instruments (social security contributions, income taxes, cash benefits) paid/received per income group and the redistributional effect of the instruments over time.[16] In general, the upper contribution limit of social security contributions and the progressive scale of income tax cause the income tax to be much more concentrated among higher income groups than social security contributions. Also, cash benefits – despite the high share of social-insurance-related and universal benefits – favour people with less income. Regarding social-insurance-related benefits, this at first glance surprising diagnosis stems from the fact that the probability of becoming unemployed or sick is higher in lower income classes. In the case of

[15] However, this has to be put into context: in Austria cash benefits for families were significantly increased until 2003 and are quite generous in an international comparison.

[16] The analysis is based on the assumption of full take-up of benefits, in particular social assistance benefits. Pensions, with the exception of pension top-up, are counted as original income.

universal family benefits, the vertical redistributive impact is caused by the distribution over the life cycle (high benefit intensity around birth, children are more concentrated in lower income groups) [Guger 1996, 1998, 2005].

In 2005, the bottom quintile paid 6% of all social security contributions and 1% of all income taxes and received 32% of all cash benefits. On the other hand, the highest quintile brought in 38% of all social security contributions and 61% of all income taxes and benefited from 12% of all cash benefits. Between 2003 and 2005 no substantial changes in the distribution of instruments is notable; the tax reform in 2004/2005 increased the proportion of taxes paid by the top quintile (up two percentage points) in favour of the lower four quintiles.

To refine the assessment of the distributional effects of the instrument groups, we use a range of standard measures on income inequality (e.g. the Reynolds-Smolensky Index of Redistribution based on the difference between income inequality before and after applying an instrument). Cash benefits have both in 2003 and 2005 the highest redistributive impact of the three instruments, although the redistributive impact of income taxes was slightly raised after the 2004/2005 tax reform. Social security contributions – owing to the upper contribution limit – even have a slightly regressive impact and showed no changes in the period under investigation. In sum, the size of the redistributive impact from high to low income classes is considerable. Measured by equivalised household income, the Gini for original gross income stands at 0.34 in comparison to 0.24 for net disposable income.

To conclude, our analysis indicates that tax/benefit reforms between 2003 and 2005 – despite producing an average increase of disposable income – had no strong impact on income distribution and poverty. It is noteworthy that the reforms were not budget neutral but were implemented at the cost of a higher budget deficit. However, the effect of the 2004/2005 tax reform will be compensated after 2005 by the fiscal drag. Our investigation also indicates that there is still a comparatively high poverty rate among vulnerable groups like single parents and couples with three or more children. This means that it is still necessary to put combating poverty and social exclusion at the centre of political efforts.

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Appendix: Measures of redistribution

The measures of income redistribution and progressivity used in this paper are based on a family of indices based on the single-parameter Gini (or S-Gini) [Donaldson and Weymark 1980; Yitzhaki 1983]. The redistributive effect, Π^{RE}, of taxes and/or benefits is measured as the difference between the Gini coefficients of income before and after taxes and/or benefits. This difference can be decomposed into *vertical equity* and *re-ranking*. Vertical equity is measured by the Reynolds-Smolensky index, Π^{RS}, [Reynolds and Smolensky 1977] which is defined as the difference between the Gini coefficient for income before taxes and/or benefits and the concentration index[17] of income after taxes and/or benefits. Re-ranking is measured by the re-ranking index, D, which is defined as the difference between the generalised Gini coefficient for income after taxes and/or benefits and the generalised concentration index of income after taxes and/or benefits.

$$\begin{aligned} \Pi^{RE}_{TB} &= G_X - G_{X+TB} \\ &= \Pi^{RS}_{TB} - D \\ &= [G_X - C_{X+TB}] - [G_{X+TB} - C_{X+TB}] \end{aligned} \tag{1}$$

Progressivity is measured using the Kakwani index Π^K [see Kakwani 1977]. This is defined as the difference between the generalised concentration index of taxes and the generalised Gini coefficient for income before taxes.

$$\Pi^K_T = C_T - G_X \tag{2}$$

Equation (3) shows the relationship between the Reynolds-Smolensky and the Kakwani indices:

$$\begin{aligned} \Pi^{RS}_T &= \frac{t}{1-t}\,\Pi^K_T \\ \rho^{RS}_B &= \frac{b}{1-b}\,\rho^K_B \end{aligned} \tag{3}$$

where t is the average tax rate and b the average benefit rate.

[17] The concentration index is the Gini index for the concentration curve.

Socio-Economic Research on Housing in the Czech Republic

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Abstract: The article presents a review of the research activities of the Socio-Economics of Housing research team. The Socio-economics of Housing team is one of the research teams at the Institute of Sociology of the Academy of Sciences of the Czech Republic. The main research activities of the team include sociological research concerning attitudes towards housing in the Czech Republic, international comparisons of housing policies and social housing systems, and econometric simulations of policy reforms, like rent deregulation, the introduction of housing allowance and social housing, housing finance, housing market efficiency, and house price indices.

Keywords: housing research, housing market, housing policy, housing finance

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The Socio-Economics of Housing research team was established by the economist and sociologist Martin Lux at the Institute of Sociology, Academy of Sciences of the Czech Republic, in 2000. In the beginning, it focused on studying housing expenditures (housing consumption), but gradually its activity was extended to take in other housing research areas. Its main research activities now relate to both the social and the economic aspects of housing and thus include such diverse topics as housing attitudes, housing preferences, international comparisons of housing policies and social housing systems, and econometric simulations of policy reforms, like rent deregulation, the introduction of housing allowance and social housing, housing finance, housing market efficiency, and house price indices. This essay presents an overview of this research, which aims at examining housing as both an economic and a social (merit) good.

As in other post-communist countries, the Czech transition to a market economy after 1989 has been accompanied by changes affecting housing affordability and accessibility, but real housing policy reform has only been partially implemented because it was not made a priority in the initial reform package [Lux 2000, 2001]. Under the former regime, housing was subject to tight state

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control. All privately owned apartment-housing stock was nationalised and co-operative housing lost its independence. Housing cooperatives fell under state administration, and all rents were controlled by the state. The share of state rental flats out of the total housing stock grew rapidly after extensive housing construction financed from the state budget was undertaken. However, this housing was of dubious quality: large pre-fab housing estates gave rise to a new type of city [Lux 2000].

Since 1989, many of the nationalised state-owned apartment buildings were returned to their original owners or the owners' heirs through the restitution laws. The remaining state-owned flats were transferred free-of-charge to the ownership of the municipalities. However, the central government decided to maintain the 'old'-style system of untargeted state rent control in both private rental (restituted) housing and municipal housing. Since 1992 a very slow process of rent deregulation has been under way, and since 1993 it has been permitted to charge market rents for new tenancies. As the management of housing posed too high a financial burden on many municipalities (owing to the low, regulated rents, the absence of operation subsidies, and the high maintenance debt inherited from previous regime), many municipalities decided to sell part or all of their housing stock. Municipal housing was most often privatised by selling a flat to its current occupants – initially to 'tenant cooperatives' and, since 1994, to tenants in the newly established homeowners associations – at an advantageous price. Cooperative housing became in fact a part of the homeownership sector because co-op members gained the right to 'sell' their flat (in reality, to transfer, against payment, their cooperative share) on the free market and to transfer the cooperative flat to private ownership at no cost. Lux [2000] has noted the following problems connected with housing policy reform and privatisation:

- the continued existence of untargeted rent regulation;
- the lack of political will to introduce rent deregulation and establish a new, 'second-generation' rent-control system ('locally appropriate rent');
- an inadequate system of control over the use of municipal rental flats (leading to widespread black market practices);
- tenants with rent-control contracts continue to enjoy the old and disproportionately strong security of tenure guaranteed in the Civil Code, whereby tenants become 'quasi-homeowners';
- the absence of a legal definition of social housing and governmental incentives for private not-for-profit investments in the field of social housing.

In Lux's words [2000: 4], '"the hitch" of Czech housing is not, in contradiction with the established belief, in low financial affordability of owner-occupied housing, which is "expensive" even for the majority of young and lower-income households in EU countries; the hitch is in the non-existence of functional rental housing'.

Based on an in-depth analysis of household housing expenditures in the Czech Republic (using the 'Family Budget Survey' datasets), it is possible to de-

fine three main social tensions between households in significantly unequal positions in the housing market [Lux 2000]:

- the tension between households without economically active members and households with at least one economically active member, based on the gap in their average net rent-to-income ratios,
- the tension between landlords and their tenants, resulting from rent controls, and
- the tension between tenants living in rent-controlled flats and tenants living in 'market-rent' rental flats.

Tenants in rent-controlled flats enjoy strong legal security of tenure and benefit from low rents; conversely, households forced to live in the market rental sector effectively obtain no state financial assistance and have only limited security of tenure (due to fixed-term rental contracts). Moreover, the share of lower-income households out of the total number of households living in the municipal rent-controlled housing sector is not significantly higher than in other tenures. Regulated rent prices were too low to cover even basic flat/house maintenance costs and they formed a marginal part of household budgets, when compared to the situation in EU countries.

In their research projects the Socio-Economics of Housing team has used the methodology of both quantitative and qualitative surveys and has drawn on a wide range of national and international quantitative data sets. In particular they have drawn on data from the annual 'Family Budget Surveys' conducted by the Czech Statistical Office (ČSÚ), data from the Institute of Regional Information (IRI) on market rents, and data from the survey 'Housing Attitudes in the Czech Republic 2001'[1] conducted directly by the research team. 'Housing Attitudes in the Czech Republic 2001' was a comprehensive survey of housing attitudes among the Czech population conducted in June and July 2001. Another survey, albeit less extensive, examined the housing attitudes of people living in market rental housing in Prague and made it possible to compare the attitudes of the 'majority' population with the attitudes of this specific group of citizens.

In 'Housing Standards of Czech Households and Their Potential for Growth in View of the Experience of Developed Countries of the European Union' (a project funded by the Grant Agency of the Czech Republic), the research aimed to conduct comprehensive analyses of the financial affordability of housing and housing expenditures in connection with general changes in the consumer behaviour of Czech households; analyses of the social effectiveness and economic efficiency of current and potential housing policy instruments directed towards increasing financial affordability of housing (social housing, housing allowances);

[1] 'Housing Attitudes in the Czech Republic 2001': The survey was carried out in June and July 2001; interviews were conducted with 3564 persons aged 18 and older selected using the quota sampling method. The data files are stored in the Czech Sociological Data Archive (SDA).

analyses of the social and economic consequences of existing or potential supplementary state interventions influencing housing standards of Czech households (regeneration of the residential environment, civic/tenant participation in housing administration, the modernisation of housing, private-public partnership in housing services or social housing). Within the framework of this project three studies were published between 2003 and 2005 as a series titled *Housing Standards*. The first publication, *Housing Standards 2002/03: Financial Affordability and Attitudes to Housing* [Lux, Sunega, Kostelecký and Čermák 2003] concentrates primarily on the issue of the financial affordability of housing and housing costs in the context of the general consumer expenditures of Czech households, and on the attitudes of the Czech population towards housing affordability and housing policy in general.

The most significant growth in the housing expenditures-to-income ratio of Czech households living in the rent-controlled housing sector was recorded between 1991 and 1993 and between 1997 and 1999, mainly as a result of energy and utility price liberalisation [Lux 2000; Lux et al. 2003; Sunega 2003]. Households of retirees, singles (especially women), single-parent families, or families without an economically active member were categories that throughout the period under observation were the most encumbered with housing expenses (on average, they spent the greatest part of their income on housing). However, especially in the case of households of singles and retirees, it was found that the high level of the expenditures-to-income ratio was often a consequence of the over-consumption of housing, i.e. of the fact that they live in apartments too large for them. If appropriate conditions existed to enable these households to rationalise their housing consumption, the problem of the poor financial affordability of rent-controlled housing would almost disappear. It was found that during the 1990s the difference in the level of the expenditure-to-income ratios of households with the highest and the lowest income increased, and the size of the city was discovered to have a growing impact on the level of the ratio (households from bigger municipalities spend a greater portion of their income on housing than households living in a smaller municipalities or in rural areas).

In owner-occupied housing, like rental housing, the most vulnerable groups are households of retirees, singles, incomplete families with children and complete families with children, whose caretaker is not economically active [Lux et al. 2003; Sunega 2003]. However, the financial burden on these households is much lower compared to households in the rental-housing sector. In addition, for households from the owner-occupied housing sector, their real property is a dormant source of income, which they can use to solve their housing issue. All the indicators show that the year 1999 (or more precisely the period between the 1997 and 1999) represented a turning point, after which the purchase of owner-occupied housing became more affordable for the average family. Even though the accessibility of new owner-occupied housing decreased between 1991 and 2001, state subsidies (interest relief on a mortgage credit) eliminated this negative trend.

The attitudes of respondents and their evaluation of the burden of housing expenses proved that households classified using objective data as the most vulnerable (retirees) take a similar view of themselves [Lux et al. 2003; Sunega 2003]. In terms of tenure, the most negative statements on the burden of housing expenses came from people living in rental housing and people living in temporary accommodation (sub-tenants, people living in lodging houses, dormitories, etc.). With regard to housing satisfaction, in the 'Housing Attitudes in the Czech Republic 2001' survey the vast majority of Czech citizens claimed to be satisfied with their housing (more than 80% of respondents rated their satisfaction between 1 and 5 on a scale of 10), but only 27% of respondents were satisfied with the current situation in housing in the Czech Republic in general [Lux 2003]. This discrepancy can be explained by the inequalities in the housing market that are not adequately targeted by a state housing policy that has been pursuing short-term more than long-term goals. The 'insider-outsider' tension (for example, between tenants with low, regulated rents and tenants with several times higher market rents) is particularly strong in the Czech environment.

Housing is an essentially private matter, but it is also an area strongly influenced by the state, as reflected in the title of the book *Housing – Res Publica* [Lux et al. 2002]. The goal of the governments in developed countries is usually to assure that housing is financially affordable to all groups of citizens. In principle, there are two ways in which the state can promote, by means of wealth redistribution, greater equality in the housing market and in this way increase the affordability of housing for households with low or average incomes: direct cash allowances, which increase the income of families in need (the housing allowance, also called demand-side subsidies or per capita subsidies), or allowances to decrease housing expenses and thus decrease the expenses of households in need (subsidies for construction, reconstruction, or for social housing leading to rents fixed at below-market prices, i.e. so-called supply-side subsidies or brick and mortar subsidies) [Lux et al. 2002; Lux 2003].

Housing – Res Publica [Lux et al. 2002] is a detailed source of information about systems of social housing and housing allowances in countries of the European Union (and other developed countries) and examines inspiring instruments that could be used in the Czech environment. The authors also provide a rather specific description of how these instruments are used, and they present the results of econometric simulations of alternative scenario on housing policy reform in the Czech Republic. Central and local housing policy reforms in different post-communist Central and Eastern European countries are largely described and evaluated in the book *Housing Policy: An End or A New Beginning?* [Lux 2002a], which was prepared under the 'Local Government Policy Partnership' programme and published in Budapest. Studies from six selected CEE countries (Czech Republic, Poland, Slovakia, Romania, Estonia and Bulgaria) describe, for example, different patterns of housing privatisation during the economic transition and evaluate efficiency and the effectiveness of different policy reforms in selected transitional countries.

Unlike the first publication in the *Housing Standards* series, which was more descriptive in nature, the second publication, *Housing Standards 2003/2004: Housing Policy in the Czech Republic – More Efficient and More Effective* [Lux et al. 2004] concentrates on identifying the most suitable housing-policy instruments for the Czech environment. The first question the authors posed is whether there is a housing shortage in the Czech Republic, the answer to which depends largely on how housing shortage is defined and which approach is used to conceptualise housing needs. The spatial approach focuses on the analysis of the availability of housing, while the market-oriented approach is related to the affordability of housing. Lux et al. [2004] concluded that in general there is no housing shortage in the Czech Republic; with respect to housing stock availability indicators, the situation is comparable to several Western European countries. Nevertheless, the Czech Republic does lag significantly behind Western European countries in terms of the quality of the existing housing stock. The claim that there is no housing shortage in the Czech Republic is however a generalisation, as the situation varies regionally. Local housing markets are strongly influenced by the housing policy of the previous governments (especially the mass construction of prefab blocks of dwellings in the 1970s and 1980s) and therefore the discrepancy between the geographical diversification of the housing stock and the situation in the labour market poses a serious problem.

One of the main dilemmas of Czech housing policy is the relationship between the continued privatisation of the municipal housing stock on the one hand and continued rent controls on the other. Untargeted rent controls, which are still in effect in the Czech Republic, reflects neither the real value of the property nor (particularly) the social need of the supported households, and naturally results in a largely artificial lack of flats and the deterioration of the housing stock. It distorts the functioning of the housing market, pushes private investment out of the rental-housing sector, pushes up the so-called market rent to highly disequilibrious levels, and is the source of a deep social injustice between the 'privileged' stratum of people living in regulated flats (who are very often relatively rich) and the 'unprivileged' stratum of people living in market-rental flats or their own housing (very often relatively poor) [Lux et al. 2002]. In the 1960s and 1970s developed countries in the EU began almost universally to abandon the model of untargeted rent controls, also called 'the first-generation rent-control system' and replaced it with 'second-generation rent-control systems', which allow for much greater differentiation of rent levels (according to the property's value) and bring them closer to market levels over time.

In *Housing Standards 2003/2004* [Lux et al. 2004], the next publication, the pros and cons of housing policy based on the privatisation of the municipal housing stock were compared with a housing policy in which a shift from the first-generation rent-control system to the second-generation rent-control system is given priority. Lux et al. [2004] recommended using this shift to preserve the thus far relatively important rental-housing sector in the Czech Republic, and

thereby slowing down the process of privatising municipal rental housing. One part of the book concentrates on comparing two main forms of public support designed to increase the financial affordability of rental housing that are used in most developed countries: social housing and the housing allowance. Based on the experiences of the developed countries, the authors attempted to answer the following questions: what form should the second-generation rent control take in the Czech Republic, what form should social housing take (which entities should be allowed to operate social housing, how should the construction of social dwellings be funded, how should social dwellings be allocated, how should rent levels be determined in social dwellings, etc.), and what housing allowance system would work best in the Czech environment.

Rent deregulation brings about an increase in public budget incomes (higher income from collected rent), but it can also result in increased costs [Lux et al. 2004]. Such costs can include, for example, housing allowance payments, rental housing residualisation (e.g. the loss of rent from vacant dwellings), and the costs derived from pension and social benefit uprating when the increase in rents is reflected in the Consumer Price Index. The sum of public costs, which, in addition to those mentioned above, include operating subsidies to municipalities to balance the difference between cost rent and actually paid rent, changes depending on the speed of rent deregulation. To a certain point, total public costs fall as rent increases, and at that point they start growing or remain at an approximately stable level. The goal of *Housing Standards 2003/2004* [Lux et al. 2004] was to estimate at what rent level total public costs would be lowest and in this way to determine the optimal timing for the rent deregulation process in the Czech environment.

The survey 'Housing Attitudes in the Czech Republic 2001' revealed that in 2001 the number of people living in the owner-occupied housing sector increased. There was a clear trend of a growing preference for owner-occupied housing (people's intentions with regard to moving in the near future were almost exclusively connected with owner-occupied tenure, and most people think that owner-occupied housing is the type of housing in which they would to live their lives). Owner-occupied housing is what most Czech citizens are aiming to attain [Lux et al. 2002]. The financing of owner-occupied housing is one of the main topics of the third and final publication in the *Housing Standards* series. The publication *Housing Standards 2004/2005: Financing Housing and Refurbishing Housing Estates* [Lux et al. 2005] focuses mainly on the evaluation of the efficiency of market-based housing finance in the Czech Republic, for example, mortgage loans and building savings. The second main topic of this study is the refurbishment of the pre-fab housing estates in the countries of the EU and in the Czech Republic.

The first part of the publication is devoted to monitoring and analysing house prices. A basic overview of the types of price indices used in the advanced countries of the EU is presented along with a description of their individual features, advantages, and disadvantages. The first part also contains information on the house price indices that currently exist in the Czech Republic and it closes

with an analysis of price developments in the residential housing market in the Czech Republic by using data from the Czech Statistical Office (ČSÚ) and the Institute of Regional Information (IRI). In the second part, the study observes the efficiency of market-based housing finance in selected advanced countries, selected transition countries, and finally it focuses on the situation in the Czech Republic. In the majority of transition countries, particularly during the first decade of the transformation, the demand for mortgage loans was low and mainly limited to the wealthiest part of the population. Even once macro-economic stability had been established in several post-communist countries in the second half of the 1990s, the growth in demand was relatively gradual and slow. The development and spread of market-based housing finance depends essentially on the establishment of macro-economic stability and amendments to legislation. The high share of existing owner-occupied housing is an accelerator rather than a necessary precondition.

Based on the 'Housing Attitudes in the Czech Republic 2001' survey, Lux et al. [2005] concluded that in Czech society socio-cultural factors are definitely influential on the decision of whether to use mortgage loans or not. The authors also compared the level of Czech household mortgage debt with the situation in other selected European countries (according to the data from the European Central Bank) and quoted some of the conclusions from a study conducted by the Czech National Bank (ČNB), which examined the impact of debt financing on household consumption. The principal finding in the ČNB study was that general disposable income is a decisive factor in the consumer decisions of Czech households, and that the influence of real interest rates and loan supply on household consumption expenditures remains weak. The aim of this part of the *Housing Standards* study, however, was to obtain an idea about how efficient the system of market-based housing finance in the Czech Republic is as a whole, and, using the knowledge of how the systems work in the 'old' EU member states and of the efficiency evaluation methods used there, to point out its potential weaknesses and shortcomings. The conclusions of the analysis using both questionnaire and qualitative survey methods indicate that in general there is a relatively high level of intermediation efficiency in the field of market-based housing finance in the Czech Republic, but some smaller problems were detected, and solving these could contribute to greater efficiency.

The Socio-Economics of Housing team has participated in several international housing research projects. Its members, Martin Lux and Petr Sunega, are regular participants in the international conference of the ENHR (European Network for Housing Research), and with the support of the Ministry for Regional Development the team organised an international seminar on 'Social Housing in Europe 2000'. The team took part in the SUREURO project (Sustainable Refurbishment Europe). SUREURO is an acronym for one of the largest research projects supported under the 5th Framework Programme of the European Commission. Its main objective was the development of methodical and operative

tools for sustainable refurbishment of existing large housing estates in Europe. The Czech part of the project was titled 'SUREURO CZ NAS'. The Socio-Economics of Housing team prepared a manual on tenant participation in the refurbishment of municipal housing estates in the Czech Republic, which contains useful information, best practices, a typology, and tools of tenant participation for use by local municipal management companies responsible for the maintenance and management of housing funds and for cooperation with tenants. These guidelines take into account both the experience of the countries participating in the main SUREURO project and the experience of Czech not-for-profit associations involved in public work and local democracy projects.

At present the Socio-Economics of Housing team is working on projects in a slightly different area of housing research. 'The Analysis of Housing Policy Measures Aimed at Supporting Work Flexibility in the Czech Republic (2005–2006)' is a current project funded by the Ministry for Regional Development now reaching completion. The main goal of the project was to analyse the significance in the Czech Republic of the relationship between labour mobility, on the one hand, and housing tenure and existing and potential housing policy tools, including rent regulation, on the other. The weight of the direct influence of housing tenure on potential labour mobility is estimated by testing it along with the influence of other significant factors that may present obstacles to labour mobility, such as specific cultural and social norms.

'The Housing Market in Prague from the Perspective of Economic Sociology: "Transitive" Factors behind the High Prices of Owner-Occupied Housing (2006–2008)', funded by the Grant Agency of the Czech Republic, is another current project, and unlike other research it focuses primarily on an analysis of the housing supply. The aim of the project is to determine whether there exist any 'transitive' (more precisely, institutionally and culturally specific) factors that are capable of contributing to the limited affordability and high prices of owner-occupied housing in Prague, and specifically to the high value of the price-to-income ratio indicator for old and new owner-occupied flats in apartment buildings in Prague, and to estimate the influence of such factors along with the potential impact of their disappearance or elimination. The *Housing Standards* series of publications will continue within the framework of this project.

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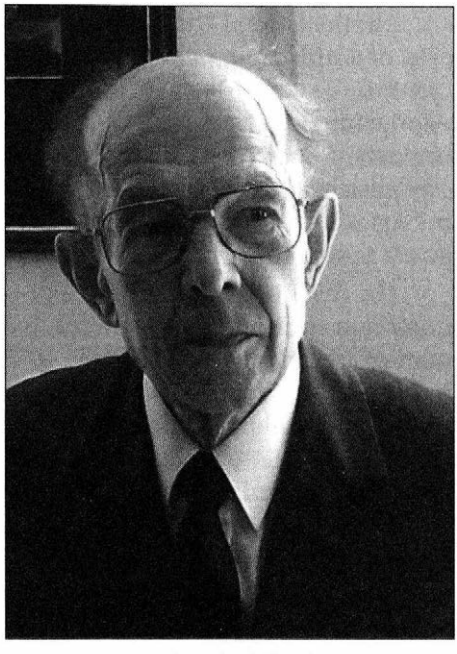
A Pioneer of the Renewal of Czechoslovak Sociology in the 1960s – Remembering Josef L. Porket

When sociology was allowed again in the former Czechoslovakia in the mid-1960s – following a period when it had been labelled a 'bourgeois pseudo-science' and was banned from universities and research in 1950 – one of the names to emerge most frequently during the time of its revival was that of Josef L. Porket. Once the door was opened, he intensively began publishing articles in the newly established *Sociologický časopis (Sociological Review)* and elsewhere and reviewed foreign books on the sociology of work and management in technical journals, and he also wrote two pioneering studies on the sociology of work in 1967.



Josef Ludvík Porket
1926–2007

It was a new name for me at the time. But Josef was already forty years old and had long – and negative – experience with the communist regime. After he completed his studies at the Czech Technical University in Prague, taking a degree in economics in 1949, his continuing education was interrupted, as he was considered politically suspect by the state owing to his interest and belief in the free market. He was even arrested and interrogated for four months. Although never charged with anything, he was not allowed to obtain academic work until much later, in research related to 'rationalisation in the field of construction'.

After 1965, he was allowed to finish his doctoral studies (candidate of sciences according to the Soviet model) and he started to attend conferences, some of them abroad. In 1968, he went to a conference in England, where he met his future wife Barbara, who was the conference secretary. After the Soviet invasion in 1968, he married Barbara in England in January 1969 after a short courtship by post. He emigrated from Czechoslovakia and settled in England in June that year, where he started a new career. He earned his PhD at the London School of Economics in 1973 with the thesis 'Authority in Communist Czechoslovakia prior to 1968'.

For some years, Josef was associated with St Antony's College in Oxford and later became an independent research scholar. He focused on the labour market,

management, and social policy under the communist system. Liberally oriented, he was a long-standing member of the Royal Institute of International Affairs at Chatham House, and a member of the Institute of Economic Affairs and the Centre for Research into Post Communist Economies (CRCE). He was also a member of the British Association for Slavonic and East European Studies. His regular contributions to the review *Economic Affairs* were highly valued.

In the United Kingdom, Josef continued his very intensive work in the large area of employment, the labour market, and social policy in communist and post-communist countries, within a broader focus on comparative economic systems. Alongside dozens of reviews, articles, and conference papers, he also wrote three important books, all published by Macmillan. In 1989, *Work, Employment and Unemployment in the Soviet Union* was published, followed in 1995 by *Unemployment in Capitalist, Communist and Post-Communist Economies* and in 1998 by *Modern Economic Systems and their Transformation.*

In his studies on unemployment, he stressed the inevitability of the phenomenon in modern economies, examined open and hidden unemployment in market and planned economies, and concentrated on the issue of unemployment in post-communist economies between 1989 and 1993. He also tackled economic systems and their transformation, the topic dealt with extensively in his last book. He stressed that economies experience a tension between economic individualism and economic collectivism, which in modern economies revolves around the role of the state in the economy. Since the collapse of communism, this tension has manifested itself not as a tension between market capitalism and command socialism, but as a tension between the free market and the interventionist variants of market capitalism.

After 1989, Josef also began publishing in Czech journals. In the Czech edition of the *Czech Sociological Review*, he published on the 'visible and invisible hand as an inherent tension of modern economies' (2/1997), while in the English edition he wrote about 'the pros and cons of state regulation' (3/2002). In *Political Economy*, he contributed to the debate of whether 'the state is in demise' (6/1998). *Unemployment in Capitalist, Communist and Post-Communist Economies* was reviewed with appreciation by Martin Lux in the Czech edition of the *Czech Sociological Review* (4/1997).

Josef L. Porket was very fortunate in that socio-economic research remained his vocation and his hobby and passion until the day he died. He was a very meticulous person, who liked everything in its exact place in his study. He contributed significantly to the knowledge on communist and post-communist countries with regard to economic and social policies. He behaved as a very private man who didn't talk much about himself. He had kept in touch with friends and relatives in Czechoslovakia over the years and returned to Prague for several visits after the fall of communism in 1989 – including last September for his 80th birthday. He remains in our memories.

Jiří Večerník

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Donatella della Porta, Massimiliano Andretta, Lorenzo Mosca, Herbert Reifer: *Globalization from Below: Transnational Activists and Protest Networks*
Minneapolis, London 2006: University of Minnesota Press, 300 pp.

The movement for globalisation from below has been growing transnationally in the past decade and has become known especially through the counter-summits and demonstrations organised against international institutions such as the World Trade Organisation, the World Bank, and the International Monetary Fund. The unexpected appearance of this activism has significantly altered the theories of social movements. Globalisation is understood as a challenge and a source of new opportunities and resources for movements. The amount of scholarship on transnational contention, global activism, and grassroots social movements has recently grown. *Globalization from Below: Transnational Activists and Protest Networks* presents contemporary theoretical discussions on the 'newness' of the global justice movement and a detailed case study based on a sociological survey.

The research team behind the book, headed by one of the leading scholars in the field of social movements, Donatella della Porta, mainly explores the globalisation movement in Italy. The authors focus on the demonstrations against the G8 in Genoa in July 2001 and the European Social Forum in Florence in November 2002, but they also contextualise these events in the wider frame of the development of the global movement, drawing comparisons with Seattle in 1999, Prague in 2000, and other protest events and social fora.

Their in-depth analysis is grounded in data from a quantitative survey based on questionnaires and focus groups. This approach is not common in the scholarly literature on the global justice movement, which is either theoretical or based on small-scale qualitative case studies. The team interviewed more than three thousand activists at these two transnational events and conducted six focus groups and a content analysis of activist web sites, police material, and the mass media.

The first chapter contains an analysis of the structure of the globalisation movement and the types of actors and organisations it encompasses. The movement comprises a variety of organisations, networks, and individuals from a variety of different backgrounds. There are the 'old' social movements, such as workers movements and the traditional left, 'new social movements', focusing on women's rights and environmental issues, but there are also new actors, such as migrants and social centres. The specific nature of the movement lies in its composition, including not just organisations but also many individuals who are attracted by the movement's openness and tolerance. The team compared activists from Italy, France, Spain, Germany, and Great Britain and divided them into various sectors. They found eco-pacifists (Rete Lilliput, churches), anti-neoliberalists (ATTAC and the traditional left), anti-capitalists (White Overalls, Network for Global Rights, social centres), separate anarchist transnational networks, and black blocs. The authors argue that multiple affiliations and experience of various organisations and sectors are important for networking and recruitment into the movement. They examine how particular organisations try to incorporate internal democracy, participation, and decision-making based on consensus or unanimity into their operations.

The next chapter deals with identity and the ideas and goals of the activists. The movement links diverse campaigns on various issues together through a master frame. Given that the activists have different social backgrounds and are geographically remote from one another, they need to have a sense of collectivity. The framing process links and mobilises different

actors, identifies problem and solutions, and defines enemies and allies. The master frame has been developed through demonstrations and social fora (such as Porto Alegre and the European Social Forum). The enemy is defined as neoliberalism, international institutions, corporations, and hegemonic states (G8). Capitalist globalisation in general is understood as the source of the problems of global inequality, poverty, the lack of democracy, and the environmental crisis. The proposed solution is expressed in the slogan 'another world is possible'. The movement stands for social and environmental justice, democracy, human rights, peace, and solidarity. Wealth distribution and inequalities are on the agenda again, and conflicts cannot be understood as post-industrial anymore. The global justice movement links many issues and therefore differs from previous single-issue movements. Various global actors are unified through their diversity and through global days of action.

The authors specifically deal with the new forms of communication in the movement. Mobilisation on a transnational level has been facilitated by the new communication technologies and especially by the Internet. The Internet is an important tool for the movement, as it is able to openly distribute uncensored messages and enables transnational mass mobilisation; it is pluralistic, horizontal, interactive, fast, and cheap. The Internet also affects the structure of the movement, making it a flexible, polycentric network that supports participation. The team discusses new forms of online protest: online petitions, net strikes (when many people jam a website at once, a tactic used against the WTO in Seattle), mail bombing (sending e-mails to the point of overload), fake websites, and Internet-based campaigns. They argue that online activism can substitute real activism and that the collective identity of activists is strengthened by the Internet. The Internet facilitates contact between widely dispersed activists who would otherwise never know each other and it serves as a medium for the spread of alternative knowledge, for example, through specific information websites, such as Indymedia.

One chapter in the book discusses the strategies of the globalisation movement. After decades of the institutionalisation and normalisation of protest, they see a new cycle of protest having begun in Seattle. Movements dissatisfied with NGOs and lobbying have come back to the streets and developed new forms of action. Innovations, for instance, are the campaigns on specific issues, based on a strategy of naming and shaming corporations (Shell, Monsanto, McDonalds, etc.) and boycotting corporations. New forms of action are also counter-summits, critical meetings held at the same time as official summits and providing alternative information.

The authors speak about diversity with regard to the tactics used at demonstrations – in Genoa the strategies used were on different levels, from non-violence to confrontation. The researchers argue that the majority of protesters are non-violent and critical of violence. In their view the system is violent, so the movement must behave differently; violence moreover can isolate protest, and it is not a good strategy for large-scale mobilisations. According to data, 'about 90 percent (...) of the demonstrators interviewed in Genoa declared never having resorted to violent tactics' (p. 133). Violence against property was used more in the anti-capitalist sector, but was not used by eco-pacifists or anti-neoliberalists. Black blocs used violence against property and fought with the police. They claimed to be fighting the symbols of capitalism, but they also destroyed the property of residents, cars, and small shops, and they attacked non-violent marches of demonstrators. After Genoa, strong criticism of violence emerged within the movement. Subsequent protests therefore tried to be non-violent (such as in Florence in 2002). Non-vi-

olence is understood as another important step in the movement, which is learning from the past and has rejected the militant tactics of the 1970s. However, the problem of choosing a strategy remains – more disruptive tactics attract media attention, but they may negatively stigmatise the movement in the eyes of the public.

However, the clashes do not depend just on demonstrators but also on police tactics. The authors look at the interaction between the movement and the police. They also examine the other side of police strategies and controlling protests (which is quite rare in other studies of social movements). They describe the coercive strategies of the police, involving violence, applied before the protest (border checks preventing foreigners from entering a country), during the events, and later in custody. Police act on the basis of previous experiences with protest in other countries. Genoa 2001 is understood to have been a culmination point, when one young protester died and about 1000 others were wounded. The researchers point to a lack of communication with the organisers on the part of the Italian military police, their lack of coordination, their failure to distinguish violent demonstrators from the majority, repression, and their view of the demonstrators as a violent enemy.

Besides the police, the authors deal with other outside reactions to the movement, especially from the government and political parties. The movement was seen as a public order problem. Of primary importance was protecting the summit, and the right to demonstrate was less important. After 9/11 some Italian and European politicians attempted to discredit the movement by associating it with Islamic terrorism. The leftist parties showed disinterest in the protest, calling the activists kids who stimulate ideas but do not provide any answers. Only the communist and green parties, especially their youth organisations, were present in Genoa and at the ESF.

Although the majority of activists see themselves on the political left (some are radically left), unlike the New Left of the 1970s, which spoke about revolution, they try to avoid ideology and are more pragmatic and concrete. The movement criticises representative democracy and proposes ancient direct democracy from below, based on participation, consensus decision-making, and horizontal networks. The global movement developed as a reaction to globalisation and to the removal of decision-making from the level of the nation-state and the distribution of power into the hands of the market and international organisations (WB, WTO, IMF). National institutions are ineffective in the face of neoliberal globalisation. About 70% of the activists in the ESF support the strengthening of institutions of global governance such as the United Nations.

By way of criticism of this study I would say that the authors put too much stress on non-violence. A figure of 10% of 300 000 activists probably involved in physical confrontations is a large number, and the actions of the black blocs have been significant. A problem may also be that their sample did not include activists from the black blocs, whom it would have been difficult to persuade to fill in a questionnaire during the demonstrations. I would also question the approach of speaking about activism in individual countries in relation to the people that came to Italy to demonstrate. Moreover, only voices from Western Europe are presented, and people from other countries, especially Eastern Europe, were not interviewed, even though they participated at both events. The book is full of sophisticated tables and charts, but sometimes the conclusions are as trivial as saying that anti-capitalist ideas resonate most with anti-capitalists and anti-neoliberal ideas with anti-neoliberals.

Despite this criticism, I consider the book to be a very useful, well-structured, and comprehensible piece of work. It sig-

nificantly contributes to the understanding of the movement for globalisation from below. Its detailed analysis of the Italian events with a European and world reach makes it useful for comparisons with other local contexts of the global justice movement.

Marta Kolářová

Scott Menard: ***Longitudinal Research***
London 2002: Sage, 94 pp.

Longitudinal design is a way of measuring change or causal relationships. Although there are some weaknesses that need to be considered, including the attrition of cases or missing data treatment, it has become a valuable research tool, and it is not just sociology that makes use of it. Although many parts of Scott Menard's *Longitudinal Research* deal with the longitudinal design in general, there is a particular emphasis on the social sciences. The author works at the Institute of Behavioural Science at the University of Colorado, and his research interest covers statistics, demography and development, crime, and delinquency. Therefore, examples are related mainly to research on the above-mentioned topics performed in the United States.

There is no strict definition of a longitudinal design and there are different approaches in the arguments of different authors as to what it involves. In this regard, Menard's view should be seen as only one of many, and perhaps one not everyone will agree with. As Menard notes at the start, the first edition of his book was written in 1990, and a great deal has changed since then in the field of longitudinal research, particularly in data analysis. In his view, among other aspects, both the HLM program, with its revolutionary approach to multilevel and longitudinal data analysis, and the structural equation modelling programs contributed to these changes. Therefore, all the chapters have been altered from those in the first edition, either updated or completely rewritten, depending on the progress made in recent years.

In the introduction Menard mentions that the history of collecting longitudinal data now goes back three hundred years. It dates back to the periodic censuses taken in Canada, and there are some other countries that started with their censuses relatively early – in the first half of 18th century (Sweden, Norway, Denmark, and the United States). The expansion of longitudinal research design came with the emergence of long-term studies of childhood development in the United States after the First World War, and since the 1970s especially a broad range of longitudinal studies has been undertaken in the social and behavioural sciences.

What I find important is Menard's discussion of the term 'longitudinal' at the very beginning of the book (p. 2). In his view, the term refers not to a single method but to a group of methods. He provides a definition of longitudinal research in contrast with cross-sectional research. Cross-sectional research can be concisely described as a design in which each individual (case) is measured once and the measurement of each variable for each case is made within a narrow time span. In contrast, the author describes longitudinal research as follows: For each variable data are collected for at least two distinct time periods, cases are the same or at least comparable from one period to the next, and the analysis includes a comparison between or among periods.

The purposes of longitudinal research and the difficulties involved in separating historical and developmental changes are discussed in Chapter 2. According to Menard, there are two primary purposes of longitudinal research: first, to describe patterns of changes; and second, to establish the direction and magnitude of causal relationships.

Data interpretation is always something that can be affected by problematic factors. Therefore, I appreciate that Menard points out (p. 12) some of the possible problems that can stem from *age, period* and *cohort* effects in longitudinal research. According to Menard, it is crucial to distinguish between these three factors even when still in the stage of preparing a survey. He provides many vivid examples of this when discussing a) the difference between changes over chronological time (historical changes) and changes by age (developmental changes), and b) controlling for the above-mentioned factors with the use of multi-year or multi-cohort designs. He claims that it is difficult to clearly separate developmental, historical, and cohort membership effects without longitudinal data.

Next, various approaches to causal relationship analysis are discussed and Menard appropriately illustrates the complexity of this issue. He also shows the strong need to control for other variables when measuring the causality of two given variables and warns that changes in both variables may take place from one period to the next, thus often making it impossible to determine what is cause and what is effect.

The author makes a remarkable point (p. 23) when he notes that there are some longitudinal data (mainly the earliest census data) that were originally not collected for the purpose of measuring change or causal relationships. This fact can be the source of problems, and it should therefore generally be taken into account how important it is to work with variables that make available compatible, comparable, and reliable data.

Designs for longitudinal data collection are discussed in Chapter 3. This section starts with what I would call 'bad examples', and I think that it is good that the author provides (p. 25) evidence of research projects in which data were analysed as longitudinal even though in fact they were not. No wonder there is then reason to question findings. For example, in a time-ordered cross-sectional design, cases are measured at the same time for each variable, each variable is measured only once for each case, but the variables are measured at different times. Although it is not truly a longitudinal design, Menard claims that this has some advantages over a purely cross-sectional design. Regardless, using it to measure causal relationships is more likely to produce incorrect causal ordering. The author argues that with longitudinal data this is more likely to be detected (e.g. by stage-state analysis or linear panel analysis).

In the next part of the book, the author presents the following four types of longitudinal designs (including both positive and negative aspects): *total population design* (e.g. census); *repeated cross-sectional design* (e.g. public opinion poll); *revolving panel design* (based on the replacement of the sub-sample that is dropped with a new but comparable one); *longitudinal panel design* (the same set of cases used in each period). I consider it useful that each type is accompanied by a figure (p. 27) depicting whether there is an overlap of cases (or not) across time and to what extent.

In general, it is probably clear that, in comparison to total population design, the other three involve a sample drawn from the total population. According to Menard, they differ in terms of the extent to which the same or comparable cases are studied from one period to the next. He also mentions other distinctive characteristics relating to types of analysis. Both total population design and longitudinal panel design can be used for practically any type of longitudinal analysis, but other designs are more limited. Menard also admits (p. 34) that the above-mentioned designs are not the only possible designs for longitudinal research. However, he believes that other possible designs may be formed out of modifications of these four.

Although the author claims at the beginning of Chapter 4 that there is nothing unique about the methods used to collect data for longitudinal research, in fact there are some issues that make a difference and are discussed later in the chapter. In longitudinal research, data are collected on each variable for at least two periods, and this is one important distinction to cross-sectional data collection. Bias in sampling, which can be amplified by repetition in repeated cross-sectional design, is another example that Menard mentions (p. 37).

The author then discusses six more aspects that need to be taken into account when doing longitudinal research. When talking about the issue of changes in measurement over time he points out the danger of possibly destroying the utility of some data if other studies clearly discredit the hypothesis on which the research project is based. Although it may become meaningless to continue the research (hypotheses, variables, and measurements can, alternately, be shifted), it would mean that the two parts (before and after the shift) may not be comparable.

Menard's next comments focus on the attrition rate. To keep it low, it is crucial to maintain contact with the research subjects. Various ways in which to deal with this include contacting parents, schools, post offices, and so on, and Menard illustrates this approach using some practical examples. He also provides some basic instructions on how to handle missing data (p. 46) and discusses the advantages of using a control group to control for bias that may be connected with the repeated measurement and panel conditioning (p. 51). While I found that interesting, I felt a lack of detailed explanations when he was dealing with the issues of respondent recall and costs of longitudinal research.

Different methods and how they apply to differently combined numbers of cases and numbers of periods are discussed in Chapter 5, which provides a broad overview of analytical methods for longitudinal analysis. This chapter does not demonstrate in detail how to use each method. Instead, Menard focuses on the different types of research questions that may be addressed by longitudinal research and the different methods that may be used to answer them. He makes a distinction between and among various aspects, including a description of change versus causal analysis; qualitative versus quantitative analysis; and short-term versus long-term analysis. In the conclusion, Menard provides a very clear and lucid list of basic guidelines (p. 78), explaining when to use cross-sectional and in what situations to prefer longitudinal design.

The book is written in a clear style and includes concrete examples to help readers grasp the discussed themes. The content is well organised, based on detailed knowledge of the field, and supplemented with a comprehensive list of references, including descriptions of the methods of analysis that are accompanied by citations to sources that cover the given topics in more detail. What the book is missing is a list (overview) of the longitudinal surveys that are mentioned in the text, along with some of the basic characteristics of each, and a link to a Web page; this would have been useful for those readers who want to become more familiar with this field.

Josef Basl

Paul Starr: *Freedom's Power: The True Force of Liberalism*
New York 2007: Basic Books, 276 pp.

The Liberals Strike Back

Now the liberals are coming back in America. With the failures of the Bush administration, the victory for the Democrats in the 2006 Congressional elections, and the prospect of regime change in the 2008 Presidential elections, they are returning from exile

in the land of political silence and making their voiced heard again.

Their challenge is formidable. The American far right – a coalition of the rich, the Republican leadership, and assertive intellectuals – came seriously to power with Bush the younger and created a political machine of organisational strength and ideological coherence that is not going to let itself be dismissed without a battle. The ideological wing of that coalition has been crucial. In Europe we sometimes think that 'the neo-cons' have moved massively into positions of power, but they did no such thing. There is only a handful of them in important positions in the administration. Their job has instead been to provide ideological cover from the background, and they have done that so well and aggressively that the very word 'liberal' all but disappeared from political discourse, except as a term of abuse.

If the American left, such as it is, is to regain power it will not be enough to win an election. They must also reclaim the ideological initiative and explain why they should be trusted to rule and what they intend to make of America.

In *Freedom's Power*, Paul Starr – an eminent professor of sociology and public affairs at Princeton University and the editor of *American Prospect* – offers what amounts to a liberal manifesto. He sees liberalism as the great American, and British, tradition and he works his way through to 'a liberal project for our time'. He does that historically, tracing the roots of liberalism to the Glorious Revolution in England in 1688 and the American Revolution a century later. Out of those revolutions came the double idea of citizens' rights and rule of law, an idea that translates into an active but also a constrained state. With time, liberalism would embrace democracy and inclusive rights, but the core ideas have remained the same. Citizens, now all citizens, have rights. Upholding and protecting those rights rests on active government. Active government, however, is also dangerous to citizens and must therefore be held under control by legal and constitutional constraints.

That's the simple liberal vision, but some further assumptions follow. First, by having their rights honoured, people are likely to become good and productive citizens. Liberalism, therefore, is good for the economy and for progress more broadly. Second, by constraining state power, the state gains loyalty and legitimacy and can thereby act with strength. It is paradoxically constrained power that makes for strength. Liberalism is the stuff of a strong nation, also in international affairs.

These are exceedingly optimistic assumptions, but, says Starr, the evidence is in their favour. Liberalism works and its agenda is to put this magic to work again to counter the misery a misguided right has brought on America.

Ideologically, the liberal project could be argued along one of two lines. Liberals could put citizens first and sell liberalism for its ability to give everyone security, to promote equality, to eradicate poverty, and so on. In this case the strong state and nation would be the instrument for social goals.

Or it could make the strength of the state the ultimate promise, in which case the honouring of citizens' rights and the promotion of well-being and equality becomes more a means towards the purpose of state power.

In America, with its vast and growing economic inequality, its exploited middle class, and its persistent poverty, one might think the first alternative the most attractive one. But Professor Starr falters on the second line of argument. What he thinks may light a fire in the liberal soul is less the inclination to do good for middle class citizens and those in need than the desire for American power. His liberal project is in the end feeble as far as practical policies go:

rise to the challenge of energy and the environment, find a way to universal health insurance, and devise a New Deal for the young, including a new national service. These are worthy causes – but enough of a platform for liberal enthusiasm in a politically cynical population?

The Bush administration has sought uncontrolled power, both in domestic politics by asserting executive privilege, and in international politics by unilateralism. Both failed and rendered weak a state that should have been strong. That has been traumatic. Starr is probably right to advise the liberals to exploit the failure of the neo-conservative experiment and probably right that they have no chance to be put back in power again if they cannot promise a new era of American glory and respect. Therefore, he proposes to sell the liberal project by speaking loudly about power and softly about equality. Accept the principle of rule by law and constitutional constraints, he says, and America will again be strong. But on poverty, for example, he is unable to say that it should be eradicated in the world's richest country, only that it should be reduced.

There probably is no electoral majority to be found in America on a programme that makes social justice the big issue. What is realistic is to smuggle in a bit of justice on the coattails of an ideology of power. If so, let us welcome that liberal project. No liberal who has encountered present American neo-conservatism can but welcome any strategy that may lead to its fall from grace. A pure strategy of social justice would be a prettier sight, but so what, if it cannot be effective?

But it is still a sad state of affairs in American culture that even in the wake of an administration that has brought disgrace on the nation and succeeded only in further enriching the already very rich, there is no space for a serious reform movement around the value of social justice. European liberals today do not have much to learn from their American brethren. The political battle-lines locate differently on the two sides of the Atlantic. In Europe it's about controlling the centre ground, in America about defeating the far right.

Stein Ringen

Anna J. Merritt – Richard L. Merritt (eds.): *Public Opinion in Semisovereign Germany (The HICOGS Surveys, 1949–1955)*

Urbana, Chicago, London 1980: University of Illinois, 273 pp.

This book presents a representative and summarised selection of final reports from public opinion research that was conducted in semi-occupied semi-sovereign Germany between 1949 and 1955. The book's editors, Richard L. Merritt (professor of political science) and Anna J. Merritt (editor and staff associate) have both long worked at the University of Illinois in Urbana-Champaign and have intensively studied the development of Germany since 1945. Other important publications by them include *Public Opinion in Occupied Germany* and *Politics, Economics and Society in the Two Germanies, 1945–1975.*

The role of the occupying administrations (US, UK, France, USSR) in each of the individual occupied zones established immediately after German territory was occupied was of key significance for the future course of development of post-war Germany. The six years of semi-sovereignty of the Federal Republic of Germany (FRG) were marked by economic growth and political stability under Konrad Adenauer as the first Federal Chancellor. While in 1949 the economy lay in ruins, by 1955 full employment had been achieved, along with a relatively prosperous living standard. The FRG joined France, Italy, and the Benelux countries in the early stages of the processes of Western European economic integra-

tion, and within the framework of NATO the country's rearmament was permitted. The country's functioning democratic system and the decision to pay reparations to the state of Israel for the crimes committed against Jews in Nazi Germany mitigated fears about the future development of Germany.

While the historical features of the period of partial sovereignty of the FRG are known, less is known about the transformation of the social climate in the Western occupation zones. (See, for example, Karl W. Deutsch and Lewis J. Edinger, *Germany Rejoins the Powers: Mass Opinion, Interest Groups, and Elites in Contemporary German Foreign Policy*, Stanford University Press, 1959). The Allied occupying administrations, which were to lay the foundations of a new, democratic Germany, needed to know the answers to some pressing questions: to what extent had German society rejected Nazism; to what extent did the FRG government and the democratic system enjoy political legitimacy; what did people think about the country's rearmament; how did they view the country's economic cooperation with France and other Western European countries (formerly Germany's enemies); how did they perceive the threat from the Soviet Union; how significant were the plans for the reunification of Germany, and so on. And no less important, it was also necessary to objectively evaluate the mood of the population towards the Allied occupying administrations.

Politicians, especially those from the conservative CDU (Christian Democratic Union), quickly grasped the benefit of public opinion polls. Consequently, public opinion polling agencies experienced an unprecedented boom at the start of the 1950s; for example, EMNID an agency from Bielefeld and especially *Institut für Demoskopie* (under the direction of Elizabeth Noelle and E. P. Neumann). Even before fighting ended, a group of social psychologists and sociologists had been set up in Germany under the Psychological Warfare Division of the US Army for the purpose of conducting the first polls, which focused on the potential for possible resistance and the expectations connected with permanent military occupation, attitudes toward Nazism, and so on. In October 1945 this research was institutionalised with the founding of the Opinion Survey Section of the Information Control Division of the Office of Military Government (OMGUS), which conducted seventy-two public opinion polls in the American occupation zone.

In September 1949 the military occupation formally ended and OMGUS was replaced by the US High Commission for Germany (HICOG), and in its Public Affairs division the Reactions Analysis Staff (RAS) continued the work on sociological research. Research operations were directed by Dr. Leo P. Crespi. At the end of 1950 the sample of respondents was extended to take in the entire area of the FRG and the RAS began to work closely on data collection with a newly established agency, *Deutsches Institut für Volksumfragen* (DIVO). Over the course of its five-and-a-half year existence the HICOG Reactions Analysis Staff carried out more than one hundred public opinion polls in West Germany. These polls were mainly of two types. The first type was the regular monthly polls, requiring the field collection of data over a duration of three weeks and based on interviews with approximately three thousand adult respondents from the area previously encompassed within the American occupation zone, along with 500 inhabitants in West Berlin, and 300 respondents in the American-controlled enclave of Bremen in the former British zone. A specific feature was the use of the 'split-sample' method, wherein the sample was divided into two halves, each of which was presented with a slightly different questionnaire.

The second type was 'flash' polls, the aim of which, using a relatively small sample of 640 respondents, was to ob-

tain a quick idea of the attitudes of people in large towns throughout the entire FRG, and not just in the American zone. In March 1951 "flash" polls were replaced with an 'intermediate' sample of 800 West Germans nationwide, based on stratified probability sampling. Some polls also included citizens of the GDR visiting or having fled to West Berlin. The acquired data were then analysed and published in periodicals.

The book under review is based on the authors' study of 237 survey reports published between September 1949 and May 1955. Basic data are presented for each report: the report number and the date of its preparation, the title or sub-title of the poll, the characteristics of the sample, and the data of data collection. The thematic range of poll topics is broad, covering the opinions of West Germans on adult education, Western European unification, or the agricultural exhibitions organised by the United States Information Service (USIS). The authors selected and sorted the reports according to the seriousness of the topics and they endeavoured to structure the work by dividing it into two basic thematic areas. The first includes polls on attitudes towards various aspects of the activities of HICOG and relates mainly to West Germany's transition in the aftermath of Nazi dominance. The second encompasses topics focusing on the FRG's foreign policy and opinions on East Germans and the efficiency of the US information programme.

From the perspective of this Czech reviewer, it is interesting to observe how the situation of the Cold War and the rapid polarisation of West and East that emerged out of the ruins of the anti-Hitler coalition facilitated a rapid rapprochement of former adversaries. This applied not just to the relationship between Germany and the United States but also to that between the Germans and the populations of Western Europe. The deeply felt experience of a common threat within a new situation resulted in the relatively rapid internalisation of attitudes of 'reconciliation'.

The purpose of the post-war Allied occupation of Germany was to prevent the country from ever becoming a threat to its European neighbours again in the future. The primary tool was the 're-education' of Germans towards democracy. More detailed analyses from the start of the 1950s indicated that only one-third of respondents rejected National Socialism outright: 'In eight nationwide surveys conducted from May 1951 to December 1952, an average of 41 per cent saw more good than evil in Nazi ideas, and 36 per cent more evil than good. Only a tiny minority (4%) thought that all Germans bore a certain guilt for Germany's actions during the Third Reich although many more (21%) felt some responsibility for rectifying these wrongs.' (p. 7) The analyses also revealed repeatedly that the population as a whole was divided in their assessment of basic issues: what some regarded as the maintenance of law and order, others saw as the absence of freedom.

The treatment of the Jews was an especially delicate topic in post-war Germany. Respondents repeatedly assessed the persecution of Jews and other minorities among the bad practices of National Socialism. Only 5% saw a sense in collective guilt, while '59 per cent saw no need for guilt or responsibility except for those who really committed something'. One-fifth (21%) even argued that 'the Jews themselves were partly responsible for that happened to them during the Third Reich' (p. 9).

However, at the same time, the large majority of respondents strongly supported the drafting of legislation to protect Jews living in West Germany, even though many Germans (27%) believed that it would probably be better for those Jews still in Germany to leave the country. Conversely, two out of three West German citizens asked "urged the Bundestag to reject an agreement of August 1952 according

to which the Federal Republic was to pay 715 million US dollars to Israel as restitution for what had happened to Jews during the Third Reich' (p. 9).

While West Germans expressed deep regret over the crimes committed, they saw very little use in the idea of personal or collective responsibility for those crimes. With regard to the trials with war criminals, at the start of 1950 polls recorded three basic trends in German public opinion. The first trend expressed disappointment in the justice practised by the occupying powers during the course of the Nuremberg and other trials. The number of people that supported the claim that the trials were unfair rose from 6% to 30% within the month of October 1946 alone. The second trend was the view that the time had come to end the war crime trials, and by the middle of 1952 only 59% of respondents agreed with the approach the Western powers were taking. The third trend in opinions expressed a growing feeling that the very purpose of the original trials was just a feeble attempt at enforcing the law. 'Respondents saw political motives driving the hands of the judges. Bolstering this perception was resentment that commando raiders who killed the German prisoners, pilots who had bombed Dresden and Hiroshima, and those who had committed the Katyn Forest massacres were never prosecuted.' (p. 11) When at the start of 1950 the allies lightened some of the sentences, the majority of Germans saw it as pure opportunism, designed to obtain their support for the fight against the Soviet Union.

Opinions on the process of *denazification* evolved in a manner similar to that of the views on the war crime trials. At the start of the 1950s the whole idea acquired a negative reputation. Two out of three respondents believed that the former members of the Nazi party should have the same opportunities in business and politics as other Germans. This did not means that Germans longed for the return of former Nazis to positions of power, but just that they did not see them as a threat to the state's democratic development.

An important factor in the viability of the new democracy was the role of political parties in the political system of the FRG. The left of the political spectrum was represented by the Social Democratic Party (SPD) and the right by a bloc of Christian democratic parties (CDU/CSU). The year 1953 marked a turning point when the SPD began to lose its position and public opinion inclined towards the conservative right. In 1949 the right won 35% of the mandates but in 1957 it managed to win 270 seats in the Bundestag. Support for the government of Chancellor Adenauer long hovered around 70%, and he as a figure, and his international prestige, significantly contributed to these high ratings.

A decisive point in the construction of the FRG's relationships to countries in Western Europe and the United States was the escalating tensions in international relations, especially following the outbreak of the Korean War in 1950. Americans especially pressed for the inclusion of the FRG in the defence system of the West. 'Given these dramatic shifts in Allied policy, the analysis of public opinion data is especially relevant to an understanding of postwar West German society.' (p. 19)

West German society was also divided over the question of its rearmament and the creation of its own army. In the wake of the brutal wartime experiences, an antimilitaristic spirit dominated the immediate post-war period. However, that situation changed quickly: 'A series of thirteen surveys conducted by the *Institut für Demoskopie* from November 1950 to February 1955 yielded an average of 41 per cent who favored an independent German army and 40 per cent who opposed it.' (p. 46) Support for the FRG's membership in NATO peaked in 1950, when the Korean War broke out. A year later it fell to 52%. When the Paris Agreements came into effect in

May 1955 the Federal Republic of Germany was set on the path to re-armament: 'Bolstered by the explicit blessing of the Western occupying powers and the support of its own population. What had been unthinkable ten years earlier was now accomplished fact.' (p. 23)

In the current context of the domestic debate within Germany over the post-war integration of millions of displaced people, mostly ethnic Germans transferred from Eastern and Central Europe, it is interesting to note a poll that was conducted in August 1951 in the refugee camps in West Germany. The findings provide an idea of what those people had been through: 'A sense of rejection by the outside world was extensive. As many as 42 per cent had never been helped by any relief or welfare group, and some never even heard of such organisations.' (p. 166) These incoming Germans were for the most part met with a cool reception. They were regarded as a burden, adding to the already complicated situation in a country devastated by war. 'A large number of the respondents in this survey did not seem to want to be assimilated into German life. As many as 64 per cent claimed to have no friends among native Germans. 48 per cent felt that employers preferred to hire natives.' (p. 166) It is no surprise that in this situation many longed to return to their former homes, however much under the given circumstances that was impossible: 'A solid majority (72%) said they would like to return to their homeland. Most felt that the Eastern nations and their communist governments, as well as the Great Powers, were responsible for their expulsion.' (p. 167)

The American reconciliation strategy after 1949, when it was transferred to the authority of the bodies of the FRG, focused mainly on an information policy (the use of radio stations like RIAS Berlin, which 99% of respondents were listening to in 1949, and Voice of America, and the magazine publications *Amerikanische Rundschau, Der Monat, Heute, Neue Auslese,* etc.). Another important component in the US information programme was the 'American Houses' information centres (which had a large library and numerous films and offered professional lectures), which were attended primarily by people with a university-level education (34%). Despite the costs the entire programme was evaluated as very successful, and it continued long after the occupying role of the United States had finished. It significantly contributed to shaping the ideas of the social elites who then influenced the wider social strata.

The reviewed book represents a valuable contribution to the understanding of the development of society in post-war West Germany through authentic contemporary reflections mediated in sociological form by public opinion polls. It is also evident from the content of the polls that among the Allies it was mainly the Unites States that strove to establish a democratic state and an independent Federal Republic of Germany.

Václav Houžvička

Sandrine Cazes – Alena Nešporová:
Flexicurity: A Relevant Approach in Central and Eastern Europe
Geneva 2003: International Labour Office, XIV and 262 pp.

For several years and across developed Europe, flexicurity has been considered one of the main tools for coping with the challenges of globalisation. While globalisation is considered to be beneficial for growth and employment, it also requires adequate responses from the labour market and social protection systems. Following the renewed EU Lisbon strategy, more and better jobs should be created through flexibility and security. A group of seven top experts set up by the European Commission, in its thorough report 'on pathways towards im-

proved flexicurity to be taken by the Member States', summarised it this way:

'Flexicurity is a policy strategy to enhance ... the flexibility of labour markets, work organisations and labour relations on the one hand, and security on the other (that) can be made mutually supportive. Encouraging flexible labour markets and ensuring high levels of security will only be effective if workers are given the means to adapt to change, to enter into employment, to stay on the job market and to make progress in their working life. Therefore, the concept of flexicurity includes a strong emphasis on active labour market policies, and motivating lifelong learning and training – but also on strong social security systems to provide income support and allow people to combine work with care' (*Flexicurity Pathways. Report by the European Expert Group on Flexicurity*, European Commission, June 2007).

One of the important sources that fed the concept was the International Labour Office's (ILO) 'Decent Work Agenda' developed since 2000. The ILO continues to be very active in mapping the situation, setting the relevant policies, and developing this process. The authors of the reviewed book (quoted with appreciation also in the above mentioned EC study) focus on the topic systematically from the ILO's perspective with regard to countries of Central and South-Eastern Europe (CSEE). This is indeed a difficult task, owing to the later and slower implementation of policies and the fewer analyses available in these countries compared to Western countries.

This book is the second devoted to the topic in the region. The first was the book by Sandrine Cazes and Alena Nešporová: *Labour Markets in Transition: Balancing Flexibility and Security in Central and Eastern Europe*, ILO 2003 (reviewed by this author in the *Journal of European Social Policy* 2/2004). In that book the two authors set up the framework of analysis and generalised a large amount of statistical evidence, acknowledging also the variety of situations and development paths of individual countries and their groupings. They identified some specifics of the regional labour market, in particular the counter-cyclical behaviour of labour turnover. In advanced countries people move to more productive jobs when the economy is on the rise, which contributes to economic growth. In transition countries the situation is different. When the economy is booming people keep their jobs because of a perceived insecurity, which eventually leads to the sub-optimal performance of the economy. Unlike Western employees, they tend to move only under pressure in periods of recession.

In this new study, *Flexicurity: A Relevant Approach in Central and Eastern Europe*, this finding is re-confirmed (except in Bulgaria and Hungary) in an analysis of new data. The aim of this book is 'to advocate the relevance of the flexicurity approach for Central and Eastern European countries and suggest appropriate reforms of both their labour markets and institutional frameworks, and their education and social security systems' (p. 7). The first study was written by the two ILO experts alone alone, while the present volume also includes five national studies (Bulgaria, Croatia, Hungary, Lithuania and Poland) written by local experts. Cazes and Nešporová synthesise and provide supplementary information in the introductory chapters and suggest policy recommendations in the final chapter. Countries other than those listed are included in the general sections are also included, and there is a special chapter devoted to the wage dimension of flexibility and security, which also refers to other countries.

The basic premise is that increasing flexibility alone, without adequate compensation through higher employment security, is not enough to improve labour market efficiency. The deregulation policy in Central and South-Eastern European (CSEE) countries had some adverse effects in la-

bour market participation. The region experienced almost jobless economic growth, which has led to some inconsistencies – such as less improvement in the situation of women and the relative deterioration of labour market participation of youth. The incidence of standard flexible forms of employment – part-time and fixed-term contracts – is somewhat low, but an important increase occurred with regard to the latter in recent years. Statistics on self-employment indicate stability in this area, resulting from two opposite trends: while big companies squeeze small entrepreneurs, the new information and communication technologies are allowing specialists to start their own businesses.

The study maps the developments and the situation in the CSEE region, presenting a condensed but differentiated picture. Let us enumerate just several findings of many: labour turnover declined in the early 2000s pointing to a certain stabilisation of the labour market; the segmentation of the labour market remained significant; employment protection legislation was further liberalised but has had only a negligible impact on employment and unemployment. Various characteristics of national labour markets are examined in relation to the activity rate and are analysed using econometric methods: while employment protection and union activity have had no impact (or even a negative impact for youth), the effect of the labour tax has clearly been negative, while that of active labour market policies has been positive. Overall, the situations in the CSEE and the more advanced OECD countries converged.

In the chapter on wage flexibility, Mirco Tonin opens with a warning about statistical descriptions of the situation. In fact, the substantial role of the informal economy limits the validity of official data on wages, even when comparing countries with different levels of informal arrangements. The author has tried to gather various facts to create a summary picture showing that while collective bargaining coverage and union density are lower in the CSEE countries, the percentage of undeclared work in GDP is many times higher than the EU-15 average. Greater fiscal pressure on wages (in Central European countries in particular) in comparison with Western Europe is an important reason for avoiding regulation.

The informal economy is accordingly discussed by the main authors, and it is also mentioned in some of the national chapters. However, no more than a general statement or rough estimates can be put forth with regard to its (unknown) significance. It is a pity that national research institutes are not engaged in such study, based on case studies in the branches affected most by this phenomenon (such as construction or services), and using participatory observation or qualitative methods. The same is true of (non-existent) field studies, focusing on real perceptions of various thresholds of income and their incentive power for workers' behaviour. Is the equivalent of – say – 50 EUR motivating enough to leave the welfare system and enter the official labour market in one country or another?

As the two principal authors stress, there is no 'one-size-fits-all' flexibility model, since '... different combinations of flexibility and security can be of service to both employers and employees in different national contexts' (p. 4). This echoes considerations about the most elaborate national flexicurity schemes (such as the Dutch or Danish), each of which is the outcome of a long historical process and specific political arrangements, and therefore, none offers a simple scheme ready for immediate application. This awareness leads to the policy conclusions, broadly summarised in the last chapter. Not only macroeconomic but also employment and educational policies are needed to challenge jobless growth, skill mismatch, and the ageing of the population.

While the CSEE and advanced OECD countries have converged in terms of labour legislation and policies are increasingly European-shaped (according to the ILO Decent Work Agenda, the OECD 2006 Restated Jobs Strategy, and the EU Lisbon process), important specifics apparently persist. These relate to the weak enforcement of legislation, the merely formal use of social dialogue, and the large proportion of informal labour. The two main authors mention all these specifics in the policy conclusions and suggest, among other things, a reduction of the labour payroll tax, tougher labour legislation and agreement control (including the use of labour courts), and more active labour market policies.

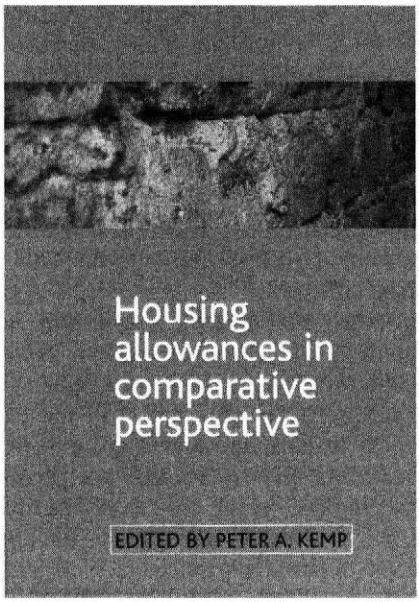
If our knowledge about the labour market situation is limited by statistics, which do not present the issue in its entirety owing to the hidden levels of employment, even less is probably known about the real landscape in terms of power. Globalisation, with its easy capital mobility and ever growing dominance of financial capital, is substantially altering the relationship between national governments and the business sector, between big employers and employees, and between domestic and international capital. Shifting power to floating multinationals is probably the Achilles' heel of all the intentions and efforts to impose the right order on the things, including the assertion of a balance between flexibility and security.

Nevertheless, national policies matter, especially if applied synergistically with macro-economic growth. The conclusion of the Polish chapter regarding the right lines of reforms taking place in recent years (p. 211) was quite a good forecast for the sudden drop in the unemployment rate in 2005–2006. The OECD Employment Outlooks also stress the usefulness of active labour market policies, especially in relation to education and training. This is also an important point of the analytical and policy settings of the ILO, as formulated by Sandrine Cazes and Alena Nešporová for the CSEE region. Their effort, together with their colleagues, must be highly appreciated for both the extensiveness of its scope and the depth of understanding shown towards the problems in the region, which has many particular features and therefore requires an appropriately delicate approach.

Jiří Večerník

Housing Allowances in Comparative Perspective

Edited by Peter A. Kemp



Income-related housing allowances are seen by many governments as a more efficient way to help tenants than rent controls or 'bricks and mortar' subsidies to landlords. Yet as the contributions to this collection show, such schemes are not without problems of their own, especially in relation to housing consumption and work incentives.

This book examines housing allowance schemes in advanced welfare states as well as in transition economies of central and eastern Europe. Drawing on experiences in ten countries, including Britain, Sweden, Germany, Australia, and the USA, it presents new evidence on the origins and design of housing allowances; their role within housing and social security policy; their impact on affordability; and current policy debates and recent reforms.

Unique in it's depth of coverage, *Housing Allowances in Comparative Perspective* is essential reading for researchers, students and lecturers in social policy, housing and urban studies.

The publication has 295 pp.

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Czech Demography, 2007, Vol. 1

In 2007 the Czech Statistical Office began to publish an English electronic version of the journal *Czech Demography*. The contents include a selection of articles, reviews, and summaries from the quarterly journal *Demografie, Review for Population Research*.

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The electronic version can be accessed at: http://www.czso.cz/eng/redakce.nsf/i/czech_demography

English Edition of Sociologické studie/Sociological Studies 2007

Educational Aspirations in a Comparative Perspective
The role of individual, contextual, and structural factors in the formation of educational aspirations in OECD countries

Petr Matějů, Petr Soukup, Josef Basl

Research on social stratification has produced overwhelming evidence that the educational aspirations of adolescents are one of the strongest predictors of educational and occupational careers. The most recent comparative analyses have revealed that educational aspirations are shaped not only by parental socio-economic status, measured ability and the values shared by a family (individual level), and the quality and type of attended schools (contextual level), but also by the structure of the whole education system, the degree of its stratification, its orientation to vocational training, its permeability, and its links to the labour market (structural level). This is why research on the interplay between individual, contextual and structural levels in the formation of educational aspirations has become such a promising stream of current stratification research.

This volume of Sociological Studies presents an assessment of the effect of education system stratification and its vocational specificity and permeability on the formation of educational aspirations in OECD countries participating in the PISA 2003, focusing especially on the role of ability, gender, and socio-economic background.

The text has 53 pages.

To order a copy of this publication, please contact: The Press and Publications Department, Institute of Sociology, Academy of Sciences of the Czech Republic, Jilská 1, 110 00 Prague 1, Czech Republic; tel.: +420 222 221 761, e-mail: prodej@soc.cas.cz, http://studie.soc.cas.cz

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