Distribution of Incomes in Eastern Europe

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ABSTRACT

The data from national surveys carried out in six East European countries are employed to reveal patterns of distribution of incomes. The underlying assumption is that rules of distribution represent different stages of an exit from the command economy as well as advancement on their way to the market systems. Using the OLS regression models of incomes I attempt to determine which countries are where on the scale of the systemic transition. I refer to the three sets of determinants of incomes, which serve as reference points in searching for signs of transition, namely to: (i) variables affecting incomes in most universal way like family background, sex, place of residence and experience in the labour force, (ii) institutionally ingrained in the command economy sectoral and industrial divisions, and (iii) meritocratic rules of distribution, most representative of the market systems. The results show that there are three leading countries on the path to the market economy, i.e., Hungary, Czech Republic, and Poland. Russia locates on the opposite pole as most deeply ingrained in the communist past.

ECONOMIC DIFFERENTIATION seems less vulnerable to the uniforming effect of what we call the logic of social stratification. Indeed, both the absolute level of incomes and rules of their distribution reflect economic crises, the destructive impact of wars, long-lasting welfare, interventionist policy of state, bargaining over wages between unions and employes, all in all—the historical, political and economic context which is unique to particular countries (Ruschmeyer and Evans, 1985; Heclo and Madsen, 1987; Layard and Nickell, 1989; Bean and Symons, 1990; Esping-Andersen, 1990, 1993).

I am referring to the Western democracies. However, politics encroached into distributive systems even more in communist societies although they strongly differed. Notwithstanding the pervasiveness of central planning, the communist administration was less rigid in regulation of incomes in Hungary and Poland than in Russia. Nowadays we are seeking for differences and similarities in economic stratification across East European countries—now, at the outset of transition to some new stratification system. My research questions concern patterns of this transition.

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Empirical studies on socio-economic attainment gave ample evidence for believing that mechanisms of distribution of incomes reflect peculiar characteristics of the political and economic systems (Domanski and Heyns, 1995; Nie, 1996; Szelenyi and Kostello, 1996). I will search for anatomy of the transition in comparative study on distributive systems. Basically, I am going to find out which of the postcommunist societies most closely approached—in the mid of the 1990s—the distributive rules of the market economy. Although my concern is rather narrowly focussed on the determination of incomes, it can be linked unambiguously to changes in organization of work, national variants of the segmentation of the labour market, intensity of industrial conflicts in various countries, and how state policy sets the context of market transition.

In order to cast some light on the direction of this transition, I will pay special attention to the remnants of institutional structures, originating under communist rule. This heritage persists by virtue of the tradition and stability of institutions which existed for decades. This is the first set of distributive rules that I will be searching for.

The influence of the institutional, cross-country differences in social stratification has only recently become subjected to a systematic research (cf. Mayer and Caroll, 1982; Allmendiger, 1989; Featherman et al., 1989). All these cited studies focussed on institutional forces reshaping employment structure. In this context, especially the role of welfare state, education and industrial relations were emphasized. International comparative analyses attempted to uncover both convergent and divergent cross-national post-industrial stratification trajectories (see Esping-Andersen, 1993, p. 26). Typical for the communist state was distribution carried out indirectly—from central ministerial bodies through sectoral and industrial divisions down into firms at the lowest level. We ask, here, whether these traces of the recent past are still operative in the 1990s. This will be one step of my analysis.

The second concerns so-called universals. In Poland, as well as in Russia, Czech Republic or Hungary, the distribution of incomes depends on some general regularities which results, among others, from the family background, sex, and years in the labour force. They are constitutive links in mechanisms of distribution in all industrial (or post-industrial, looked at from another perspective) societies. I will compare relative weight of these sociological constant with more unique remains of the communist institutional context, referred to above.

In seeking for the remnants of communism I will refer still to the third criterion which allow to determine the distance of the East European societies from the market system—namely to the impact of meritocracy. I will try to detect some signs of meritocratic distribution in the strength of dependency of incomes on years of schooling, occupational status and supervisory position. They are built into the operation of the capitalist labour market and, for this reason, constitute a good reference point in cross-systematic analyses.