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POVERTY AND DEPRIVATION: ASSESSING DEMOGRAPHIC AND SOCIAL STRUCTURAL FACTORS

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Introduction

Poverty, deprivation and social inequalities have been topics of social science research since decades. From time to time, conspicuously successful periods of economic growth hold out the promise that this social problem will be resolved, but these are invariably followed by leaner years which make it clear that while it may be possible to mitigate the extent and/or the level of poverty and deprivation, it is not possible to eradicate completely them. Needless to say, the mechanisms responsible for creating disadvantaged situations undergo modifications along with changing social and economic structures, altering the forms of disadvantages.

Politicians in state socialist countries used to promise their societies that the problem of poverty would be successfully dealt within the new state socialist economic system. Thanks to social policies, inequalities had in fact been somewhat mitigated, but were never eliminated, and they started to increase again in the 1980s (Andorka 1995; Atkinson, Micklewright 1992). Following the change of the political regime in 1989–1990, the topic of poverty got into the focus of public attention and became one of the most frequently discussed social issues, partly because the political transformation resulted in growing inequalities, and partly because it was no longer prohibited to publicly discuss the issue.

Poverty, deprivation, disadvantages and marginalization remain central issues of public discussions. This is not surprising, since economic growth could not substantially alleviate the inequalities (Tóth 2005) and at first, its effects were beneficial only to the affluent. That the issue managed to remain on the agenda is in no small way due to certain world organisations as well as the European Union, which regard the management of poverty as one of the most pressing political issues, as attested by such programs as Joint Inclusion Memorandum or the Millennium Development Goals. But the interest of the social sciences has not dwindled either – just as in the past, researchers continue to attempt to identify the mechanisms and structures responsible for creating poverty and disadvantages. This interest received a substantial boost from the social, political and economical transformations[1], since it was reasonable to assume that changes in institutional structures and the ascendancy of the market would result in changes in the mechanism responsible for creating disadvantages.

Among the "classic" factors responsible for the (re)emergence of poverty, a number of traits which are characteristic of modern societies have been identified and it was concluded that the lack of education, exclusion from the labour market, low and uncertain employment status, single-parent family situations all contribute to an above-the-average risk of poverty. At the same time, a number of rather surprising relationships have been identified. The most striking of these was the rapid and voluminous impoverishment of children and families with children – in other words, a close correlation was found between poverty and the number of children, family structures and ethnicity (Spéder 2002a, 2005). It was also surprising to see that types of settlements or regional status exerted a significant and growing influence on poverty.

[1] For an analysis of the transformation, cf. the studies in Adamski et al. 2003 and the book of Andorka 2001.

Of course, the role played by demographic factors has been demonstrated for a long time – Roventree at the beginning of the last century called attention to the correlations between poverty and family structures and family cycles (Roventree 1901). The use of demographic variables is an essential part of any analysis. At the same time, they usually are employed in the analysis only as control variables. Of course, there is a great number of recent and current researches that focus on demographic factors and explicitly treat the relationship between poverty and demographic events and factors (cf. Avramov 2002; Bredshaw–Jänti 2001; Bradbury et al. 2001; Kiernan 2002c.; Leibfriield et al. 1995; McLanahan 1985, 2004; Palmer et al. 1988; Stanovnik et al. 2001). However, we cannot yet be fully satisfied with the analysis and understandings of the role of demographic and social structure factors that influence poverty.

All of the above, along with other considerations, have played a part in our decision to collect data on the social and economic situation of individuals in a wider group of people in the Hungarian project "Turning Points of the Life-course[2]" launched in the framework of the Generation and Gender Program (GGP). In this survey, we focused on the demographic processes, events and patterns of behaviour and this was the reason why we used variables describing the structural situations of individuals (employment, assets, objective living condition, etc). Another goal of the research project is to shed light on the material/financial consequences of demographic processes and events. Because we intend to explore the above-mentioned issues by taking advantage of the benefits of a longitudinal study, comprehensive causal analysis can only take place after the second and third waves of the panel survey. However, even the first wave of data collection provides an opportunity to explore the relationship between structural, financial and demographic traits, and analytic models may shed light on certain associations and may provide opportunities for articulating such relationships if only in a limited fashion. This is what we will be attempting to do in the present paper when we try to identify the determining factors of poverty and deprivation and compare these factors by using consecutive models built upon each other.

We measure disadvantages through a number of approaches (income poverty, poor housing conditions, absolute deprivation, deprivation in complex living conditions). It has been our experience that while there is a strong link between these approaches, they emphasize and measure different aspects of being disadvantaged (income, housing, assets, the relationship between living conditions and aspirations.) It is our assumption that the direction of the relationship between demographic and socio-economic factor on the one hand and the various poverty approaches on the other hand will be generally identical, but the extent and power of influences will be often quite different.

In this paper we rarely use the concept of exclusion (Burchard et al. 2002) even though we will be talking about aspects of exclusion throughout. The main reason for this is that we are using certain components of exclusion (poverty, deprivation) as dependent variables and other components (ethnicity, residence, disadvantages in education and on the labour market) as explanatory variables in this paper. For this reason, we

[2] The Hungarian data collection took place in the course of 2001 and 2002. There were 16,394 respondents, which is representative of the population aged 18 to 74. More on the concept and structure of the data collection see Spéder 2001b and www.dpa.demografia.hu.

felt that the use of the concept exclusion would be misleading even if we are going to be treating a lot of issues associated with exclusion.

The paper will be structured in the following way: in the first section, we will offer a detailed description of the applied concepts of poverty, the reasoning behind them and the ways these concepts are operationalised. In the second section, we will use classic demographic, social and economic variables to show the poverty rate in various social groups and to show the social composition of the poor.

In the next sections we will use logistic regression models to examine the factors that increase the risks of falling into poverty and the degrees to which they contribute to impoverishment. The essence of all multi-variate analyses is to enable the researchers to differentiate between causes and consequences because the researcher define the relations in the models on the basis of his/her ideas. The risks of being poor will be examined according to the prescribed steps shown in the third section, where we included some general considerations about logistic regressions as well. Then, in the fourth to the seventh section we will employ logistic regression with regard to each concept of poverty that could work within the limits of our data-set. The fourth section is a central one. Our model-building will be shown in work, and the influencing factors of income poverty risks will be described and interpreted step by step. Our interpretation in the following sections deals only with the divergences from associations identified in the chapter on income poverty. In other words these chapters presuppose a perusal of the fourth section.

The last section is devoted to a summary of the most important findings. The appendices containing tables on poverty compositions at the end are an organic part of the paper and were only moved here to ease the comprehension of the main body of the paper.

1. Concepts of Poverty

In earlier works about the nature of poverty, we called attention to the fact that we will only arrive at a detailed and well-rounded notion if we try to work with all of the different approaches and comprehend poverty through the *simultaneous application* of the various concepts. The data collection project *Turning Points of the Life-course* permits us to apply four different approaches, in the course of our analysis, based on different social ideas (Table 1). Thus the first thing we will concern ourselves with will be the presentation of the fundamental features of the various approaches, followed by the presentation of the methods of operationalisation before we statistically compare these variants.

Basic Characteristics of the Approaches

Naturally, we will employ the widely accepted concept of *income poverty.* This concept understands poverty as having insufficient income – because in market economies, income determines a person's purchasing power and consequently his potential level of well-being. This concept is not concerned with the structure of purchased goods and services but is focused on the *resources* available to the individual or to the household and its potential purchasing power. We situate the dividing line between the poor and the not poor on the basis of their *relative* position. We regard a person as poor when his/her income status and potential well-being are significantly below the average.

Table 1
The Poverty Concepts Employed in the Analysis and Some of Their Features

Poverty concepts	Basic characteristics	Income vs. consumption	Absolute vs. relative
Income poverty	Consumption potential, lack of potential well-being	Income	Relative
Poor housing conditions	Lack of minimal housing condition	Consumption	Absolute
Absolute deprivation	Lack of minimal objective living conditions	Assets, possessions	Absolute
General deprivation	No chance to participate in usual activities of life, including subjective aspirations too	Consumption	Relative

Deprivation approaches are based not on the resources available to the individual but on the consumption and/or living condition. We will examine three of the consumption-type poverty concepts here. *Poor or inadequate housing conditions* have traditionally been indicators of deprivation. Our data system enables us to determine if someone is living among poor housing conditions or not, on the basis of qualitative and quantitative indicators. In our thinking, having a place to live is a fundamental necessity of life which needs to be provided for to a certain extent – and we also presume that all people view this as a fundamental goal to attain. We are then justified in regarding anyone who does not possess this fundamental necessity to a satisfactory degree as poor or financially disadvantaged.

When defining a *general deprivation index*, we took a wide spectrum of living conditions (measured by 18 variables) into account. According to the underlying concept, it is not sufficient to have one's most basic material needs satisfied in order to be a full and equal member of society – one must also attain a degree of social participation and inclusion as well. (Halleröd et al. 1997; Böhnke–Delhey 1999; Whelan et al. 2001). At the same time, we will modify the classic Thompsonian concept (Thompson 1978) and will register the lack of a certain component of living conditions when the person regards it as necessary for life (there is desire for it) but does not have the money to realise it (the resources are limited). Therefore, our concept of deprivation includes objective conditions and subjective elements (aspirations) simultaneously. The poverty line will be understood in a relative sense and the degree of deprivation will be measured against the national average.

We have also devised a traditional deprivation variable which does not include the individual's opinion and system of preferences. It focuses on material goods and only takes the most important of these into account and not in the relative sense. Because of this last feature, we called this concept *absolute deprivation.*

In the following sections we will show how we empirically identified people who can be regarded as poor on the basis of the concepts shortly described above.

Income Poverty

We drew the income poverty line at the *50% mark* of what is called the average *equivalent (net) income*. As it is well known, this indicator differs from the per capita income in one essential element: it attempts to take into the fact that in large families/households, the same level of well-being can be reached with lower per-capita income levels, because of the economics of consumption.

There is a complex literature on the question what multiplier (elasticity) needs to be used to determine the equivalent income (see: Buchmann et al. 1988; Éltető, Havasi 2002). Without going into details of the debate, in this paper we will simply use the following, rather widely accepted formula for a household with N members:

$$Equivalent\ income = \frac{household\ income}{N^{0,73}}$$

Generally speaking, equivalent income enables us to measure the *potential consumption* and therefore the potential financial well-being of the individuals living in a household. To differentiate between the poor and the not poor, we used a relative criterion (determined at 50% of the average) thus the ratio of the poor might be regarded a sort of measure of inequality.

Disadvantaged Housing, Poor Housing Conditions

Based on the research findings demonstrating that housing conditions are the most obvious indicators of social disadvantages in post-transition Hungary (Fábián–Kolosi–Róbert 2000; Hegedűs–Tosics–Kovács 2000), we constructed a combined indicator for poor housing conditions. The groups whose income is spent predominantly on "subsistence consumption" (food, clothing, health care costs, rent), accounting for about half of the entire society, may be further differentiated on the basis of their housing

conditions. In situations where the housing conditions are poor, people experience almost unmanageable difficulties when trying to escape from this situation. Even though housing mobility has increased in recent years, time has been too short for a serious rectification of the situation.

When devising the indicator for housing disadvantages or poor housing conditions we set the following criteria:

An apartment is *crowded* where

- There are more than 2 persons per room, or
- The per capita floor-space is low, i.e. less than 15 effective square meters per adult or 8 square meters for children under 14 years of age

An apartment is *under-equipped* where

- There is no toilet and/or bathroom, shower, or
- There is no heating or there is only traditional single-room heating (stoves burning wood, coal or oil)

An apartment is of *dubious tenure* if

- The respondent described his/her own entitlement to his place of residence as "renting a room," "co-renting an apartment," (more than one household renting one apartment) or "renting a bed" or even staying in the apartment as a favour or on some other basis.

According to our definition, a person lives under *poor housing conditions* if he or she meets *at least two of the five criteria* listed above. This puts 12% of all respondents into this category while 1.5% of all respondents could not be categorised for lack of data.

General Deprivation – Significantly below the Average Living Conditions of the Population

To determine the individual's general material well-being according to his or her living conditions, we constructed a compound index indicating goods-related living conditions and specific social activities (Böhnke–Delhey 1999; Hallerod et al. 1997; Spéder 2002b). Taking into account the findings of a number of international surveys and an international comparative project (Delhey et al. 2001), we used the following 18 components of living conditions to measure deficits of economic well-being:

- one hot meal a day
- an apartment with a separate room for all family members
- an apartment with toilet, bathroom or shower
- a backyard, a garden or a balcony with a pleasant view
- telephone
- car
- colour TV
- automatic washing machine
- video cassette recorder
- computer
- a week of vacation at least once a year
- regular purchase of new clothing
- replacement of worn-out furniture
- subscription to or regular purchase of newspapers
- having friends over for dinner once a month
- dining in a restaurant once a month
- saving of HUF 5,000 (25€) per month

We did not only record the presence or absence of these goods, but also the reason why they are absent from the household – whether the respondent did not possess it for financial reasons (cannot afford to buy it) or for other

reasons (does not need it, regards it as superfluous, etc.) *We only regarded a lack of an item as a well-being deficit when it was due to financial reasons.*

As it is evident, we included more than just the most essential items among the factors designed to measure the quality of living conditions. The identification and selection of the various dimensions is based on the assumption that one can only regard oneself as a full and equal member of the society if, besides the fulfilment of the basic needs, one's *social integration* (inclusion) also takes place. This approach fully recognises the phenomenon of social exclusion.

A clear advantage of this approach is that it only admits differences arising out of living conditions as long as the lack is due to financial reasons.

It is necessary to emphasise that the responses given to the question reveal the *objective circumstances* as well as the *subjective components*, i.e. the desires and aspirations.[3] Thus we can differentiate between shortage due to preferences and shortage due to lack of resources. Taking the lack of each item as a unit, we can arrive at a general deprivation index, an index of living condition deficit arising out of lack of resources. An overview of the overall distribution is presented in Table 2.

Table 2
Distribution of Well-Being Deficits on the Basis of Shortages Due to Lack of Resources

Number of items lacking	Ratio
None	20.1
1–3	34.6
4–7	29.8
8–12	13.9
13–18	1.6
Total*	100.0

*Not including incomplete responses.

The population between the ages of 18 and 74 lack, on average, 3.78 items in the list. 20% of them lack none of the items and half of them lack only three or less. According to our definition, deprivation starts with the lack of eight items. The line thus established follows the logic of the concept of relative poverty which regards someone as deprived if his/her deficit exceeds twice the average deficit, in other words, if he/she is not even half as well-off as the average. This category accounts for 15.5% of the adult population.

Absolute Deprivation

We regard the above mentioned general concepts of deprivation containing subjective elements well-established in research, innovative from the perspective of social policy combating exclusion. At the same time, preliminary analysis led us to the conclusion that it would be reasonable to work with an approach closer to the *traditional Townsendian concept of deprivation*. We focused on the most fundamental elements of living conditions and chose 9 items of the previous 18:

– one hot meal a day

[3] A further development of this approach is the proportional deprivation index,. where the leaks in living conditions are weighted by the preferences of the respondents (Spéder 2002a).

– an apartment with a separate room for all family members
– an apartment with toilet, bathroom or shower
– telephone
– car
– colour TV
– automatic washing machine
– a week of vacation at least once a year
– saving of HUF 5,000 per month

This time, *we did not take into consideration* why the individual is not in the possession of a certain item – we only paid attention to the fact of possession. Our argument for this was that the above goods are fundamental parts of everyday life and their possession is deemed desirable and necessary by all. Therefore, we put the lack of an item down into the category of insufficient resources. We regarded those not possessing such items as being *deprived in the absolute sense*. This category is an absolute one because it distinguishes between the poor and the non-poor not on the basis of situations relative to the population but according to an independent decision of the researcher. We regarded people as being in the status of *absolute deprivation if they lacked five or more items on the list of 9 goods*. This group accounts for 16.8% of the adult population.

Similarities, Overlaps and Differences

All poverty concepts aim at identifying the group of people who are the worst off in a society, by applying a specific method. Furthermore, it is reasonable to assume that all dimensions are in close correlation with one's income position, just as it is reasonable to expect that there will be a great deal of overlapping between groups of disadvantaged people identified according to the different methods. Because of the different extent of the disadvantaged population regarding the different poverty concepts, we would be justified in thinking that those who are regarded as poor on the basis of a certain criterion might include those who are regarded poor according to another criteria.

At the same time, as we noted earlier, there are many differences between the various approaches. While the concept of income poverty is related to the *actual situation* (the "flow" type variable of the economists), the three indicators of the deprivation type are all aimed at grasping *longer term financial status* (the "stock" type of variable of the economists). Because of their different nature, short and long term economic situations are not the same – a great number of income trajectories can lead to the same financial well being (Gordon 1998a; Gordon 1998b; Spéder 2002a). A further characteristic is that in kind transfers between households, especially transfers of gifts with great value, though very rare, have significant influence on differences in household assets and overall material status (Medgyesi 2002).

Let us now compare the three concepts of deprivation. The indicator of poor housing condition is obviously tied to the fundamental necessity of housing. The deprivation variable consisting of 18 living condition components treats the financial backwardness issue broadly, but partly it also contains housing conditions. Furthermore, this complex variable contains subjective elements – a fact which is very important from the perspective of comparison. If a lack of an item is not due to inadequate resources, it can be traced back to structural differences in systems of preferences – but perhaps, it is a case of desires adapting to possibilities, so

ultimately, insufficiency of resources is responsible for the lack of the item. As opposed to this, the concept of absolute deprivation works with the most fundamental necessities of life without any constraints.

There are a lot of nuances of focus that create the situation in which the four different approaches to poverty will end up identifying different populations. If within the investigated population we compute the ratio of those who are poor according to one or more concepts, we will arrive at a very low figure: 2.1% for the population who can be regarded as disadvantaged by all four of the approaches. The ratio of those who are poor according to three approaches is 4.7% while 7.9% is regarded poor by two of the approaches and finally 17.2% only by one type of poverty-type. Somewhat more than two-thirds of the population (68.2%) cannot be regarded as poor by any of the approaches.

There is obviously a significant correlation between the different approaches to poverty (see Tables 3 and 4) and a good deal of overlapping as well. Just as we expected, we found a rather strong correlation between the three types of deprivation approach (Pearson's correlation: 0.448 and 0.299).

Table 3
Correlation between Different Concepts of Poverty (Pearson's Correlation) *

	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Income poverty	X	0.231	0.287	0.236
Poor housing condition		X	0.470	0.299
Absolute deprivation			X	0.440
General deprivation				X

* All relationships are significant at 0,001 level.

Table 4
The Overlap between Those Who Fall into One or More Categories of Poverty *

	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Income poverty	X	33.4	46.2	38.8
Poor housing condition	32.8	X	63.3	44.7
Absolute deprivation	33.0	46.7	X	51.3
General deprivation	29.8	34.9	54.7	X

*What is the ratio of one group of poor to another, the groups being divided according to the different concepts of poverty.

We can describe the relationship in a following way too: 33.4% of the poor by income live among poor housing conditions and almost half of them (46.2%) can be regarded as deprived in the absolute and 44.7% in the complex sense. The rows of Table 4 can be similarly interpreted.

Another issue worth mentioning is the (equivalent) income of people being in various poverty statuses. By definition, all of the people having

poor income belong to the lowest quintile. The majority (at least two-thirds) of those who are poor according to other criteria belong to the two bottom quintiles. The differences resulting from the application of different concepts make it necessary to employ a number of concepts simultaneously in order to arrive at a good understanding of the disadvantaged groups of the population.

Table 5
Ratio of People Living in Poverty and Deprivation by Income Status (Equivalent Income)

Income quintiles	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Under	100.0	48.0	47.6	44.5
2.	–	23.3	28.2	25.8
3.	–	13.4	14.3	15.8
4.	–	9.2	7.3	10.3
Upper	–	5.1	2.3	3.6
Total	100.0	100.0	100.0	100.0
(Ratio of total population)	(12.4)	(12.6)	(17.4)	(16.2)

2. Social Characteristics of the Population Living in Poverty

In this chapter we will use simple cross-tables to show the ratio of those living in poverty within groups with various social characteristics. The poverty risk of a group is regarded as being above the average if the ratio of those living in poverty and deprivation within the group (significantly) exceeds the ratio measured within the entire population (average rate). These are:

- 12.4% (income poverty)
- 12.1% (poor housing condition)
- 16.8% (absolute deprivation)
- 15.5% (general deprivation computed from the 18 living condition items)

We will first review the classic social characteristics and will then treat demographic factors in detail.

Social-Structural Characteristics

The fundamental features of social structure are good indicators of poverty risks and deficits of well-being. Having reviewed the data, we concluded that there is an inverse relation between the extent of poverty/deprivation and the *completed level of education*. In the two lowest-educated groups (primary school and not finished primary school) the poverty rates are above average, while the poverty rates of those with vocational training are around the average. The ratio of disadvantaged people among those with higher education degrees is negligible. Training is a basic differentiating factor in all poverty concepts. There is, however, a difference in extent: its effect is significantly more intensive on income poverty, poor housing conditions and absolute deprivation. The poverty rate of people in the group with the lowest educational level is about six or seven times higher than in the group with the highest educational level concerning general deprivation – and 15 times (or even higher) with regards to income poverty and poor housing conditions (Table 6).

Table 6
The Ratio of People Living in Poverty and Deprivation by Level of Education in the Population Aged 18–74 (in Percentage)

Completed level of education	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Incomplete primary	24.3	31.1	50.7	24.8
Primary	20.5	20.5	31.4	24.6
Vocational	12.5	12.1	15.5	17.6
Secondary	7.0	5.5	5.4	8.9
Higher	1.6	2.0	1.5	4.1
Total	12.4	12.1	16.8	15.5

It is common practice to examine the *composition of the population* living in poverty. This can be especially important in social policy as the structure of the target population of planned social policy programs is an

essential information. It is then well-known that as far as income poverty is concerned, those who never completed even primary schools are at the highest risk, but their ratio within the population living in poverty – because of their low proportion within the entire population – hardly exceeds one-eighth (13.2%). At the same time, those who completed vocational school, while they have a lower risk of poverty and exhibit lower poverty rates, account for 29.7% of those having poor income (cf. Appendix, Table A.1).

Note, that in this chapter of the paper we proceed as follows: we computed the *composition of the poor* for each factors and according to each poverty concept, but the tables describing this kind of distributions have been moved to the *Appendix*. In the main body of text we will not always refer to the figures in the Appendix, but those interested can find all the relevant tables at the end of this paper.

No less determining a factor is the *integration into the labour markets*. Those economically inactive exhibit poverty rates that are on the average 1.5 to 2 times higher than the national average. Of course, it is well-known that the composition of both the active and inactive population is very heterogeneous and various mechanisms create significant differences between their various sub-groups.

Table 7
The Ratio of People Living in Poverty and Deprivation by the Activity Status of the Population Aged 18–74 (in Percentage)

Economic activity	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Actives total	6.3	9.4	10.0	13.0
Inactives total	18.8	15.0	24.3	18.2
Total	12.4	12.1	16.8	15.5

The differences between the various *occupational groups*[4] are rather significant: there is a tenfold difference between the poverty rate of the best and worst situated groups. The most advantageous positions are occupied by top management, entrepreneurs and the professionals – there is practically no poverty among them. Poverty rates among foremen and lower management is very low (between 2.5% and 6.9%). The highest poverty rates among white-collar workers are to be found among office workers (clerks) and the self-employed, but even these figures are well below the national average. The blue-collar population is rather divided: the poverty risks are usually below-average for skilled workers and above average for unskilled workers while that of semi-skilled workers is about the average. We cannot therefore state that employment rules out poverty. The groups of manual workers low down in the hierarchy exhibit a poverty risk above the national average.

[4] When creating these groups we took our cue from Andorka's scheme very close to Ericson–Goldthrope–Protocarero (EGP) – concept (cf. Andorka 1990; Ericson, Goldthrope 1992).

Table 8

The Ratio of People Living in Poverty and Deprivation by Occupational Groups Aged 18–74 (in Percentage)

Occupation status	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Top management	1.3	3.5	0.7	1.9
Professioonals	1.2	2.3	1.8	5.7
Entrepreneur*	1.8	2.7	1.3	1.0
Self-employed	9.9	6.3	3.3	4.1
Lower management (+ foremen)	2.5	5.4	5.9	6.9
Office worker	4.2	5.0	3.9	9.1
Skilled worker	6.3	10.4	10.4	15.8
Semi-skilled worker	8.2	16.4	19.0	20.5
Unskilled worker	19.2	26.0	36.3	35.5
Actives total	6.3	9.4	10.0	13.0

* Own business that employs people.

A look at the *economically inactive population* yields a picture similar in its differentiation to that of the active population. The most disadvantaged are the unemployed: 44.7% of them have poor income, 40.3% are absolutely deprived, 36.4% are deprived in a general term and 28.8% live among poor housing conditions. (Table 9) Unemployment is the social situation that best illustrates why the different poverty concepts yield different poverty rates. Being out of work is not a fixed status – for the more fortunate, it is only a temporary condition while others languish in this state for a longer time. After a certain period of time, the unemployed will inevitably transfer to a different category – they will find jobs or become pensioners or have "other inactive" status, perhaps become recipient of maternity benefits – and they find themselves in new social and economic circumstances. The loss of a job has a direct result on income-flows, but will have only a delayed effect on stocks (assets), when the decrease in income results in increase of assets disadvantages (assets need to be sold, consumption reduced, broken household durables will not be fixed or replaced and so on). As for the reverse, getting out of the unemployed status (i.e. finding employment) will have direct and immediate positive effects on income but will only produce results in living conditions and assets after a consolidation of the employment status (i.e. the successful avoidance of another period of unemployment). A change of status then will effect one's financial circumstances in ways that differ in their temporal manifestations.

Table 9
The Ratio of People Living in Poverty and Deprivation by Various Groups of the Economically Inactive Population Aged 18–74
(in Percentage)

Employment status	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Unemployed	44.7	28.8	40.3	36.4
Old age pensioner	6.2	7.6	18.0	9.9
Disability/widowhood pensioner	22.1	16.2	31.5	24.3
Maternity benefits	24.4	29.8	26.6	26.3
Homemaker/Housewife	36.1	22.2	27.4	12.9
Student	9.8	6.7	8.4	7.2
Other inactives	43.8	26.0	37.2	29.0
Total inactives	18.8	15.0	24.3	18.2

We also need to differentiate between various groups of *pensioners* (Spéder 2000; Dobossy et al. 2003). In Table 9, we broke down the pensioner population according to pension entitlements and learned that the poverty risk of those who became pensioners in their old age is not even half the national average while that of those who became pensioners through disability or widowhood is far above the national average (22.1%). According to the indicator of general deprivation, pensioners do not seem to be significantly disadvantaged while the indicator of absolute deprivation shows them worse-off. We will treat these contradictory relationship in detail in later sections. Using Hungarian Household Panel (HHP) data, we have shown earlier that the pensioner population is highly stratified – their well-being is determined not only by the type of their pension but also by their last employment (employment career), their form of partnership and type of residence (Spéder 2000).

The inactive statuses that are more prevalent among women also carry great poverty risks. Housewives (stay-at-home women) are the most disadvantaged – their number is low but they are really disadvantaged with regards to their income status. Those receiving some kind of maternity benefits have a lower poverty risk than housewives, but they also exhibit higher deprivation risks. The only way they can reach this otherwise rather low level is by being recipients of social transfers at an above-the-average rate. Nearly one third of them live among poor housing conditions, the primary problem is over-crowdedness. (We return to this when we examine the issue of children.) Their deprivation rate in the broad sense is significantly worse than the average (26.3%). Here we must call special attention to the tables in the appendix that analyse the composition of the population. While it is true that the poverty risk of housewives is high and that of old-age pensioners is low, we should be aware that 5% of all having poor income are housewives and 10.2% of them are old-age pensioners (Appendix, Table A.2.). Over three-fifths of all adults living poverty come from three economic activity groups: 25.9% are employed, 19.9% unemployed and 17.7% are on disability pension. Nor should we ignore earlier HHP studies that put the proportion of children among the poor at a rather high level, even if we have no exact estimates in this regard (see later).

One of the unforeseen consequences of the political transition and its relative rapidity was the increase in differences between *geographical regions*. In our poverty research projects, we endeavoured to document these processes and to explore the differences by regions and types of settlement (Andorka–Spéder 1996; Spéder 2002a). We were surprised at the quick differentiation of poverty risks. In this paper we cannot concern ourselves with the changing trends – but we will have an opportunity to treat this issue after the second wave of data collection in the research project "Turning Points of the Life-course." Our primary objective here is to examine the effects of types of regions/settlement on poverty by the different concepts of poverty and to see how consistent the emerging picture is (Tables 10, 11). Of the four major categories, it is *villagers* who face an above-the-average risk of poverty. The extent of disadvantage is measured variously by the concepts: the differences are greatest with regards to absolute deprivation, significant with regards to income poverty and moderate with regards to housing conditions. As for income poverty, people living in Budapest seem to be the least disadvantaged. Indicators of Budapest and the rest are not so different when measured by the complex figure of deprivation in living condition. Perhaps this is because living costs are higher in Budapest and the same income goes a shorter way there, perhaps because income disadvantages are counterbalanced by additional subsistence production. Then again, the reason could be that people in Budapest have higher demands and desires than village dwellers and these subjective components offset the effect of income disparities. We assume this latter explanation to be the closest to actual reality, but we cannot provide a definite answer here.

Table 10
The Ratio of People Living in Poverty and Deprivation by Types of Settlement in the Population Aged 18–74 (in Percentage)

Type of settlement	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Budapest	6.7	8.4	8.7	14.1
City (county capitals)	7.3	8.9	11.0	13.4
Town	12.2	11.4	18.2	16.1
Village	18.1	16.5	23.4	17.1
Total	12.4	12.1	16.8	15.5

We calculated regional differences in the seven proposed administrative regions[5]. By any poverty concept, the least impoverished regions are in Central Hungary, which includes Budapest and parts of Transdanubia. The two Southern regions are in the middling category with slightly varying poverty rates, while poverty risks are highest in the Northern regions of the Hungarian Plain, followed by Northern Hungary.

[5] Central Hungary – Budapest and Pest County
Central Transdanubia – Komárom-Esztergom, Fejér and Veszprém counties
Western Transdanubia – Győr-Moson-Sopron, Vas and Zala counties
Southern Transdanubia – Baranya, Somogy and Tolna counties
Northern Hungary – Nógrád, Heves, Borsod-Abaúj-Zemplén counties
Northern Plains – Szabolcs-Szatmár-Bereg, Jász-Nagykun-Szolnok and Hajdú-Bihar counties
Southern Plains – Bács-Kiskun, Békés and Csongrád counties

Table 11
The Ratio of People Living in Poverty and Deprivation by Different Regions in the Population Aged 18–74 (in Percentage)

Regions	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Western Transdanubia	8.3	10.6	10.2	1.7
Central Transdanubia	9.9	11.3	13.6	10.8
Southern Transdanubia	14.8	12.9	18.0	15.4
Central Hungary	7.4	8.8	10.5	13.9
Southern Plains	14.3	10.2	17.5	15.4
Northern Plains	18.2	16.8	26.7	21.9
Northern Hungary	15.8	16.7	24.4	19.4
Total	12.4	12.1	16.8	15.5

Summing up the first of analysis of the socio-economic factors, we can conclude that poverty risks and deprivation-rates are usually as we expected them to turn out. The groups exhibiting poverty risks significantly *below* the national average are those with higher education, those active in the labour market, those with higher employment status (white collar workers), old-age pensioners and those living in and around Budapest and in the Western part of the country.

Demographic Factors – Child Poverty

We have often described the phenomenon – one of the most surprising developments of the past decade – of demographic factors becoming more pronounced in generating inequalities and poverty risks (Andorka–Spéder 1996; Spéder 2002a). A central part of our research strategy is aimed at a more detailed investigation of these processes and the exploration of the causes and consequences at work. We will only have the opportunity to conduct a comprehensive examination of our hypotheses and the full discovery of the causal relationships after the second wave of our Panel Survey, since on the basis of that data, we will be able to compare demographic changes with their preliminaries and consequences in the financial sphere (poverty, well-being). We can only formulate quantitative theses about the poverty risks of childbearing and the validity of the impression that poor people have more children, when we are in possession of that data. This also goes for the financial consequences of marriages and divorces and the material and psychological risks of widowhood. At this point we can only attempt to investigate whether the well-known relationships (e.g. having many children equals a high poverty risk) continue to be valid and whether the various poverty concepts have a similar sensitivity to demographic factors.

We need to issue a preliminary *warning*: the sample of the used survey is not household-based but individual-based. We can only speak about families and households only as the households or families of selected individuals. In other words, the data we possess is not for instance on multi-children families but adults living in a multi-children family. This limitation is not a significant one (i.e. our statements are not distorted) when we compare the poverty risks of certain family-types to the national average. Therefore we are able to perform these kind of analyses. However, it would not be appropriate to draw conclusions and make estimates on the ratio of

poor or deprived households and children on the basis of individual based data.[6] All together, when talking about poverty, we will always be mindful of the fact that our data represent the 18 to 74 adult population and not the households.

Our findings on the *gender* distribution of poverty (Table 12) reinforce our former notion that the thesis of the "feminization of poverty" is not valid in Hungary – concerning to all four poverty concepts: adult males and females produced the very same figures.

Table 12
The Ratio of People Living in Poverty and Deprivation by Gender in the Population Aged 18–74 (in Percentage)

Gender	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Male	12.3	12.6	16.9	15.0
Female	12.6	11.6	16.7	16.0
Total	12.4	12.1	16.8	15.5

The effect of *age* on poverty appears very differently by the various concepts of poverty. This is especially true for income poverty and absolute deprivation which indicate conspicuously divergent poverty risks. While according to the former, the elderly population seems to be in an advantageous position, according to the latter, they seem to be lagging far behind. The advantageous income situation of the elderly is not an unprecedented finding: an international comparison of surveys conducted in the mid and late 1990s yielded the same picture (Stanovnik et al. 2000). As we will see later, age-related poverty risks fundamentally depend on household compositions. When interpreting the indicator of absolute deprivation, two circumstances should come to mind. First, the proliferation of modern household goods (automatic washing machine, telephone, etc.) among the elderly is always slower as it is constrained by a conservative attitude. Secondly, it is well-known that the elderly spend significant resources on household goods which their offspring often buy or are forced to buy.

Table 13
The Ratio of People Living in Poverty and Deprivation by Age Groups in the Population Aged 18–74 (in Percentage)

Age group	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
18–29	12.7	14.3	14.9	14.7
30–39	14.7	16.1	16.6	20.2
40–49	15.5	13.2	17.4	19.4
50–59	12.3	7.7	14.9	14.5
60–69	8.1	8.4	18.6	10.4
70–75	6.6	9.5	24.2	7.9
Total	12.4	12.1	16.8	15.5

An analysis by the *size and structure of households* as well as the *number of children* yields the expected correlations (Table 14). Poverty and

[6] However it would be possible, but this question is beside the point of this study.

deprivation risks are higher than the national average in the case of adults living in households with five or more members. This holds true, not just according to concepts of poverty more sensitive to household size (income poverty and poor housing conditions which takes crowdedness into account), but also according to general deprivation which is not so sensitive to household size. (Although the latter produces a smaller dispersion).

Table 14
The Ratio of People Living in Poverty and Deprivation by Household Size in the Population Aged 18–74 (in Percentage)

Household size	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
1	12.4	10.7	28.9	15.8
2	10.7	5.9	15.4	13.1
3	10.6	7.7	13.6	14.6
4	11.4	11.6	12.2	14.7
5	15.8	24.8	18.4	20.1
6+	30.1	48.1	30.3	28.3
Total	12.4	12.1	16.6	15.5

If we take partnership-form into account, we find that over a quarter of one-parent families[7] (28.7%) has poor income, one-third of them (33.3%) suffer deprivation in living condition and one-fifth of them (21.8%) is deprived in the absolute sense. They are least disadvantaged with regards to their housing conditions, since their poverty rate according to this measure is only a little above the average (Table 15). Adults living with dependent children in traditional, small families also have an above-average poverty risk, but as Table 16 shows, this depends on the actual number of children. Further associations are illuminated by a more differentiated categorisation of families. Disadvantaged situations are to be found at an above-the-average rate among adults living in families of more complex composition (especially ones raising children).

It is rather surprising that young single people exhibit poverty rates above the average according to two poverty concepts: 21.6% of them have poor income and their deprivation rates are among the worst ones (23.7% and 28.4%). At the same time, they are not disadvantaged with respect to their housing conditions. A closer look at the composition of this groups tells us that males, divorcees, people in their 40s and village dwellers tend to belong in this category. (Which might help explain why there are no significant differences between male and female poverty rates in Hungary: while a large portion of women in poverty constitute a one-parent family with their child(ren), men in poverty usually live alone or in more complex types of households.)

Table 15
The Ratio of People Living in Poverty and Deprivation by Family Types in the Population Aged 18–74 (in Percentage)

Family type	Income	Poor	Absolute	General

[7] Within family types, we differentiated between two types of one-parent families: (1) the parent actually provides for the children, (2) the parent lives with his/her adult children.

	poverty	housing condition	deprivation	deprivation
Single under 50	21.6	10.1	28.4	23.7
Single over 50	9.0	10.9	31.8	12.5
Couple under 50	11.0	6.9	11.6	13.3
Couple over 50	6.3	4.0	12.4	8.5
Nuclear family with a child under 18	15.3	16.7	15.4	18.4
Nuclear family with child over 18	7.1	6.5	10.7	10.5
One-parent family with a child under 18	28.7	17.7	26.6	33.3
One-parent family with child over 18	14.9	9.4	21.8	19.2
Three-generation family with a child under 18	18.5	29.8	18.2	20.7
Three-generation family with child(ren) over 18	8.4	8.9	10.8	11.1
Other	16.8	21.6	21.2	
Total	12.4	12.1	16.8	15.5

As far as the *number of children* is concerned, even people with a single child have a higher poverty risk than the average (apart from absolute deprivation rate) and the poverty rate of adults living in families with children goes up commensurately with the number of children (Table 16). Those with three children exhibit rates twice the average, those with more, rates three times the average. This effect is strongest with regards poor housing conditions. However, even the general deprivation indicator shows that those with three or more children exhibit poverty rates twice the average.

An analysis by the *age of the youngest child* in a household tells us that there is an increased frequency of poor adults in families with small children.

Table 16
The Ratio of People Living in Poverty and Deprivation by Number of Children and Age of Youngest Child in the Population Aged 18–74 (in Percentage)

	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Number of children under 18				
0	9.4	7.5	16.4	12.6
1	15.3	14.7	14.2	17.5
2	16.5	18.6	16.6	19.8
3	24.9	39.0	28.4	32.4
4+	41.9	66.5	53.2	43.3
Age groups of youngest child in household				
no child	9.4	7.5	16.4	12.6
–3	21.3	27.7	21.6	23.2
4– 6	18.0	23.8	19.9	23.4
7–14	16.1	16.1	15.9	19.5
15–18	14.5	13.8	13.2	15.9
Total	12.4	12.1	16.8	15.5

The effect of *marital status* is pronounced only in the case of divorced people, who include a high rate of disadvantaged individuals. (Table 17) Their poverty rates are nearly twice the average according to the income approach (19.4%) and deprivation in living condition (25.4%). Their situation is somewhat more favourable with regards to housing conditions.

If we also take *partnership forms* into account, a slightly different picture will emerge and the disadvantages become slightly easier to identify (Table 18). The poverty risks of never-married people living in cohabitation is high above the average. Those living in cohabitation are more at risk than single or married people by all concepts of poverty.

The associations between forms of partnership and poverty risks among divorced people show the expected pattern: those divorced living in partnerships exhibit lower poverty and deprivation rates as those living alone. At the same time, the poverty rates of post-divorce cohabiters are higher than that of married people. An accurate investigation of poverty risks associated with divorce will only be possible after the second wave of data collection. In earlier analyses, we concluded that the poverty rate of people remarrying after a divorce is higher than that of married people who never divorced but it is much lower than those who did not remarry after a divorce but opted for cohabitation.

Among widows, those living in cohabitation surprisingly, seem to be somewhat worse off than those living alone. However, further research is necessary to illuminate the situation of widowers issue.

Table 17

The Ratio of People Living in Poverty and Deprivation by Marital Status in the Population Aged 18–74 (in Percentage)

Marital status	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Never married	13.2	14.8	19.2	15.9
Married	11.6	10.6	12.6	13.8
Widowed	11.0	11.7	27.5	14.5
Divorced	19.4	24.3	25.3	25.4
Total	12.4	12.1	16.8	15.5

Table 18

The Ratio of People Living in Poverty and Deprivation by Marital Status and Form of Partnership in the Population Aged 18–74 (in Percentage)

Marital status	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Never married	11.5	12.2	18.0	13.9
Never married cohabiting	20.4	26.0	24.6	24.8
Married	10.8	10.3	12.0	13.5
Married, separated	23.2	20.9	34.0	24.4
Divorced, cohabiting	15.0	19.3	22.4	21.7
Divorced, single	21.1	12.6	26.3	26.8
Widowed, cohabiting	15.0	22.6	30.6	27.8
Widowed, single	10.7	10.7	27.3	13.4
Total	12.4	12.1	16.8	15.5

Finally, it is *ethnicity* that identifies, more accurately than any other, the group with one of the highest poverty risks. According to all concepts, the Roma population is highly disadvantaged (Table 19). As far as poverty risk is concerned, there is no real difference between those who "think of themselves as Gypsies" and those who are "regarded by outsiders as Gypsy" even if poverty and deprivation rates are slightly higher among the former.

In all approaches, over half of the Roma population live in poverty and deprivation. The poverty rate of the Roma population depends on which identification scheme we use (Appendix, Table A13). If we count only the self-identified Romas, generally one-tenth of the poor population is Roma, with the exception of poor housing conditions where their proportion goes up to 14.4%. If we count those who are identified as Romas by outsiders, they constitute one-fifth of the poor population with regards to their income and housing condition and 15–16% with regards to deprivation. It is well-known that in the case of the Roma population, there is a cumulative effect of the various poverty risk factors (low education level, economic inactivity, high number of children, village residence, cohabitating partners). The extent to which the cumulative effect of these factors or the factor of ethnicity is at work will have to be determined by multi-variate analysis in the next chapters.

Table 19

The Ratio of People Living in Poverty and Deprivation by Ethnicity in the Population Aged 18–74 (in Percentage)

Ethnicity	Income poverty	Poor housing condition	Absolute deprivation	General deprivation
Not regarded as Roma	10,6	10,0	14,4	13,7
Roma self-identity (1)	56,4	64,0	75,7	61,2
Regarded as Roma, but no Roma self-identity (2)	40,8	47,1	58,0	47,8
Regarded as Roma (=1+2)	50,3	50,6	68,9	56,1

3. On Logistic Regression Models and Constructed Variables

Multivariate models allow us to measure the net effects of different factors (variables). Logistic regression is an ideal methods to identify the strength of independent factors on a two digit (poor – not poor) dependent variables. However it is a disadvantage, that the output is not in the form of easily interpretable figures, percentages or ratios but in the form of so-called *odds ratios*.

The definition of odds ratios makes it obvious that it is a relative concept, that is, we always need to have a group relative to which we can determine the odds ratio of the group in question. This group is called the *reference category* and the odds ratios always refer to his category. It also follows that the reference groups will always be absent from the tables describing the models, since their odds ratio, relative to themselves, is obviously always 1.

It is also very important to keep in mind that when the logistic regression process separates the effects of various factors out from each other, it does not tell us anything about causal relationship. This relationship should be assumed by the researcher. The series of the constructed *hierarchical models building upon each other,* one for each poverty type, will serve as a frame for this assumptions. As a starting point, we will elaborate the logic of our model construction.

Following our research methodology, we have built the factors that increase or decrease the risks of being poor into a multi-variate model in order to ensure (1) that is suitable for the separate examination of poverty types (2) that the findings thus arrived at will be comparable. The best procedure was then to build a model with the inclusion of the same explanatory variables in the same system in order to analyse the various versions.

We designed the *baseline model* to have such background factors that are *either stable or practically unchangeable* for the individual (gender, age, ethnicity) or which are seldom modified under the current circumstances in Hungary (education, type and region of residence) (cf. Table 20). The majority of the variables in the baseline model are well-known from the tables in section 2. The only variable that needs some explanation is the category of *residence* since it combines the type of settlement (village, city, etc.) with its geographical location in a way which best preserves the role of residence in impoverishment.

We have created a variable that contains the following five categories:

- Capital and county seats
- Other cities/towns in the regions of Central Hungary and Northwestern Hungary
- Other cities/towns in the other five regions
- Villages in the regions of Central Hungary and North-western Hungary
- Villages in the other five regions

The *reference group in the baseline model* comprises *males*, who live in *Budapest or county seats*, are between *30 and 39 years* of age and are of *non-Roma* ethnicity with vocational school training. Note, we identified a

reference group around the middle of the social hierarchy in the society, thus deviating from usual usage, where lowest or highest groups/categories are defined as reference.

Table 20
Logical Steps of the Modelling Process

	Uncontrolled effects of the variables	Baseline model	Model 2	Model 3
Gender	–	+	+	+
Age	–	+	+	+
Residence	–	+	+	+
Ethnicity	–	+	+	+
Education	–	+	+	+
Number of children	–		+	+
Partnership status	–		+	+
Occupational status	–			+

In the second step – Model 2 – we enlarged the baseline model with two *demographic variables* that might change in the course of life. One of these was the number of children, by which we understand the number of children living (under 18) in the household of the respondent. The other variable was the partnership status which combines in itself the two dimensions of marital status and form of partnership. The merging of these two variables was necessary in order to reach the requisite case number. We also kept in mind the differences in poverty risks discussed in the previous sections. The logic of the construction of the variable can be seen in Table 21.

Table 21
The Structure of the Variable concerning Partnership Status

	Lives with partner	Lives without partner
Single/unmarried	Cohabitation (2)	Single, alone (3)
Married, lives with spouse	Marriage (1)	–
Married, does not live with spouse	Cohabitation (2)	Divorced, alone (4)
Divorced	Cohabitation (2)	Divorced, alone (4)
Widow	Cohabitation (2)	Widowed, alone (5)

When enlarging the model, the reference group also needs to be extended. For the two new variables, the reference group includes those people described in the baseline model who *live in marriage and take care of one child.*

The third step yields Model 3. At this step, we incorporated into the model a variable that is partly a consequence of the preliminaries, namely, the variable indicating labour market and *occupational status*. In order to have an adequate number of cases in the regression, we have merged similar groups. We classified economically active respondents on the basis of Andorka's scheme, which is very similar to that of the EGP (Andorka 1990). The group "upper white collar" comprises upper and middle management, the professionals and entrepreneurs with employees. The category "lower white collar" comprises self-employers, lower management, clerical workers and, as something of an exception, foremen. We merged unskilled and trained workers into a separate group. Within the "inactive" category of pensioners, we differentiated between old-age and

disability pensioners. The category of "maternity support" includes recipients of maternity benefits such as child care allowance and child care benefit. About one-third of the respondents belonging to the "other inactive" category defined themselves as "housewives" while the rest of them are people in their active ages currently outside the labour market.

In keeping with the logic so far applied, we opted for *skilled workers* when fine-tuning the reference group.

Thus, the modelling process yielded three models for each explanatory variable (poverty type), building upon each other. The included variables in the different steps are summarised by Table 20.

We would like stress the fact that in the first column of the table, we will show those odds ratios that reflect a situation in which the effects of other variables *are not controlled* the effects of the given variable. The specific values appearing here carry little significant additional information since they are reflecting the situation familiar to us from the tables describing one-dimensional poverty rates, only in a form more difficult to interpret. However, it is important to publish these "uncontrolled odds ratios" because in the course of constructing the above mentioned models, they will help us to determine the extent to which the effects of other variables included in the model influence a given factor.

In the models, we indicated whether the variation from the reference categories is statistically significant and also indicated whether complex variables (taking two or more values) increased the explanatory power of the model in a significant way. The significance levels are marked as follows:

* <0.1
** < 0.05
*** < 0.01

For the explanatory power of the entire model, we will use Nagelkerke's R^2.

4. Factors Determining Income Poverty

Gender

Gender differences are not significant: men and women have equal risks to fall into an income category which only allows a critically low level of living conditions (Table 22). Just like the findings yielded by bivariable analyses, multi-variate models show no sign of "the feminization of poverty."[8] The fact that according to the third model, women appear to have lower poverty risks than men, simply follows from the structure of the model, namely, that it includes a number of high poverty risk occupation groups which contain a high ratio of women (maternity support, other inactive). Thus, the inclusion of this variable decreased poverty risks associated with females. The effect is only apparent though, since only women can be recipients of maternity benefits, so in this case, the occupation status is determined by gender. Another explanation for the lower poverty risks of women in the third model is that some of the "inactives" have husbands with higher occupation statuses. On the basis of this, we can confidently state that gender has little determining effect on poverty risks even with structural effects being uncontrolled for.

Age

The relationship between age and poverty risk is more intricate. Our data shows that there is a marked difference between the poverty risks of those under 40 and over 60 – the position of the latter being more advantageous. (The third model shows no significant variation for this group, but this, again, is the natural consequence of the inclusion of a status which is in a causal relationship). The situation of those *under 30* was somewhat better in the baseline model than that of the reference group, but this again is due to structural reasons and this rather insignificant variation evaporates in Models 2 and 3.

[8] This was always indicated by earlier findings (Spéder 2002a).

Table 22

Odds Ratios of Logistical Regression Models Analysing Income Poverty

Variables, categories	Uncontrolled effects		Basic model		Model2		Model3	
	Exp. (B)		Exp. (B)		Exp. (B)		Exp. (B)	
Gender								
Female	*1,026*		1,050		0,991		0,843	***
Age groups		***		***		***		***
18–29	*0,846*	**	0,859	*	0,988		0,924	
40–49	*1,062*		1,068		1,307	***	1,333	***
50–59	*0,810*	**	0,786	***	1,238	**	1,190	
60–69	*0,513*	***	0,346	***	0,597	***	0,888	
70–75	*0,412*	***	0,246	***	0,424	***	0,611	**
Residence		***		***		***		***
Cities/towns, Central and North-western Hungary	*1,070*		0,849		0,894		0,942	
Cities/towns, Southern and Eastern Hungary	*2,323*	***	1,658	***	1,702	***	1,542	***
Villages, Central and North-western Hungary	*1,845*	***	1,258	**	1,292	***	1,205	*
Villages, Southern and Eastern Hungary	*3,637*	***	2,142	***	2,241	***	1,920	***
Ethnicity		***		***		***		***
Roma ethnicity	*8,565*	***	3,796	***	3,236	***	2,399	***
Level of education végzettség		***		***		***		***
Incomplete primary	*2,243*	***	2,691	***	2,645	***	1,998	***
Primary	*1,804*	***	1,806	***	1,777	***	1,413	***
Secondary	*0,530*	***	0,611	***	0,617	***	0,687	***
Higher	*0,114*	***	0,142	***	0,146	***	0,265	***
Number of children in the household		***				***		***
No child	*0,576*	***			0,597	***	0,537	***
2	*1,099*				1,233	**	1,197	*
3	*1,839*	***			1,473	***	1,296	*
4+ children	*4,018*	***			1,757	***	1,488	*
Partnership status		***				***		***
Single, alone	*1,069*				1,467	***	1,377	***
Divorced, alone	*2,265*	***			2,896	***	2,896	***
Widow, alone	*0,984*				1,205		1,298	**
Cohabiting	*1,799*	***			1,552	***	1,550	***
Labour market and occupational status		***						***
Upper white collar	*0,197*	***					0,574	**
Lower white collar	*0,854*						1,186	
Semi-skilled and unskilled worker	*1,936*	***					1,345	**
Unemployed	*12,073*	***					8,527	***
Old age pensioner	*0,989*						1,416	**
Disability pensioner	*4,234*	***					3,602	***
Maternity benefits	*4,825*	***					3,605	***
Student	*1,616*	***					2,233	***
Other inactive	*10,307*	***					8,444	***
Nagelkerke R^2			0,18		0,21		0,29	

Reference group: male, age group 30–39, living in Budapest or county capital, not roma, vocational training educational level, married, one child in the household of the respondent, skilled worker.

The fact that the *elderly* population exhibits lower poverty risks, is primarily due to the fact that there is a significantly lower inequality of income among them than among those of "active ages." The ratio of people over 60 with extremely low or extremely high incomes is very low, furthermore, pensions have a levelling effect. There are two additional factors: (1) very few people can sink below the minimum pension level which was established at the time when entitlement was made nearly

universal, (2) there are fewer dependents – children, unemployed and other inactives – in pensioner households.

The situation of the *transition generation*, those between 40 and 60, is a more intriguing one. Their poverty risks hovers around the average, variations depending on the model we are using. These odds ratios, insignificantly diverging from the reference group, indicate that in this generation the direct risk factor is not really *age*, but – as it will be shown later – the family or labour market situation, since divorce, the loss of employment or disabilities are all factors far outstripping the effect of age.

Residence

The residence variable, which combines types of settlement and region of residence, shows a very strong, *typical and persistent* pattern. While in the more fortunate parts of the country – Budapest, Pest County and Northwestern Hungary – there are only subtle differences between the poverty risks of city and village dwellers, the situation is altogether very different in the East and the South, where we find huge disparities according to types of residence. The higher poverty risk in the villages of Northeastern and Central Hungary is largely due to the overall lower education level (see the comparison of the single-variable effects and baseline model). In the East and the South, the effects of different occupational statuses also come into play: it is only in these regions that the inclusion of this factor in Model 3 decreased the effect of the residence variable. This indicates that in these villages, the above-the-average poverty risks might be due to the particular occupational and labour market structure, in other words, the unusually high ratio of the unemployed, "other inactives" and disability pensioners. According our data, this distortion in the social structure is not significant enough in cities and Central and Northwestern villages so as to be a key element in the poverty risks. A part of the regional effect, the above-the-average poverty risks of people living in small towns and villages in Southern and Eastern Hungary continues to be observable after controlling for structural (labour market and occupational status) factors.

Roma Ethnicity

Let us now turn to the factor of ethnicity. The "uncontrolled odds ratios" of the different models show us how much higher the poverty risk of a Roma person compared to a non-Roma in the different poverty types is – if structural differences are disregarded. The values of the baseline model will show us how much of this difference will still be in effect if we take into consideration that the average level of education in the Roma population is lower and they tend to live in villages with higher poverty rates. (Their odds ratio is not modified significantly by the age and gender variables of the baseline model.)

In Model 2, the odds ratio associated with Roma ethnicity decreases further but still remains conspicuously high. This model takes into account the propensity of the Roma to have a high number of children and the fact that cohabitation is more prevalent among them – both factors are known to increase poverty risks from bivariate analyse. The findings carry an important message – namely, that Roma ethnicity implies very high poverty risks even after controlling for these very important structural effects. On the other hand, we must also point out that the unusually high poverty risks of the Roma are largely due to structural reasons.

Some of the high odds ratios may be explained by such factors (if they exist at all) as discrimination and a culture increasing poverty risks. However we are not able to include such kind of variables.

If we look at Model 3, we see a continued decrease in the odds ratio associated with Roma ethnicity after the inclusion of occupational status – simply because groups with high poverty risks (unemployed, other inactive, maternity support) contain an above-the-average proportion of Roma people. At this point of the analysis and interpretation, the personal world view and preferences of the analyst begins to assume a more significant role. For instance, it is our opinion that occupational status is more of a cause in the high poverty risk of the Roma people, thus, the decrease in the odds ratio from Model 2 to Model 3 can be understood as a structural effect. Of course, other explanations are also possible: for instance some say that the significance of labour market discrimination against Roma is so great that it is the primary reason why they suffer higher rates of unemployment and constitute a higher proportion of those excluded from the labour market and "other inactives" than groups with the same level of education and the same number of children. According to this interpretation of the data, it is not Model 3, but Model 2 that really shows how much Roma ethnicity increases poverty risks.

Educational Status

Education is nearly a make-or-break factor – it has a significantly more powerful influence on income poverty than any other factor. At first sight, its intensity is perhaps muted by the medium educational level of the reference group (people with vocational training). But compared to people with higher education, the odds ratio of people with primary schooling is 15.8 and that of people with even less schooling is 19.6. The key position held in Hungarian social structure by education is a long-recognised fact (e.g. Kolosi 1987) but the issue whether this holds true in the post-communist era is not yet demonstrated. In any case, our data shows that from the perspective of income poverty, education remains a determining factor to this day.

There are two factors that contribute to the educational "trap" – one is the fact that the level of education changes very little throughout the life course In Hungary. The other is that the expansion of education that took place after the change of the regime has, in many ways, greatly increased the chances of reproducing educational disparities from generation to generation (Kertesi–Köllő 2001; Gazsó 1997). If this to be on the increase and if the trend signalled by our data – i.e. that education continues to expert a powerful influence on poverty risks (primarily though not exclusively through the labour market) – unfortunately, the issue of transferring poverty from generation to generation will be an increasingly pressing one to deal with.

As could be expected, the effect of schooling on poverty risks became significantly weaker when the respondent's occupation status was included in the model (as it is heavily dependent on education). However, it is an important finding nonetheless, that while controlling for the effect of labour market and occupational status greatly reduced the impact of education, that factor still continued to be significant. Naturally, this can be explained in a number of different ways. To begin with, our measuring instruments are rather inaccurate since we are examining these categories in large aggregates. Furthermore, we can easily suppose, on the basis of our data,

that education has an impact on poverty risks not only as a factor determining occupation but in other ways as well. (Homogamy in partnerships, the correlation between interpersonal relationships and education).

Children

We only included in our analysis the *number of children*[9] and *partnership status* after controlling for the structural effects of the baseline model.

As for the former, the consequences are rather obvious though not the easiest to interpret. It is clear that childlessness decreases poverty risks while having two or more children increases them – and this effect is largely transferred through the labour market. We can offer two explanations for the phenomenon that after the inclusion of labour market and occupational status, the number of children does not significantly increase the risks of poverty. It might seem an obvious explanation that the high poverty risks of multi-children parents comes from the fact that the mother's own occupational category (maternity benefits, other inactive) implies an above the average poverty risks. Therefore, the additional risks does not come from the decision to have another child (the third or fourth one) but from the high likelihood of the mothers leaving – temporarily or permanently – the labour market. We can also argue the other way round: those economically inactive women who are already suffering from increased poverty risks exhibit a higher likelihood of having further children. We will only have an opportunity to test these two versions of a cause-and-effect relationship after the second wave of our Panel Survey. We need to stress that the trend discussed here applies to people raising two or more children – the inclusion of the occupational status in the model does not decrease the difference in poverty risks for the childless or people with one child.

It is interesting that the difference between the poverty risks of people with a single child and two children appears to be rather slight. We have seen this before (Andorka–Spéder 1996). According to more detailed studies, the reason for this is to be found in the life course and structural differences. A significant part of those with one child are simply "on their way" to having the next child and to becoming two-children parents in the near future. As a consequence, there is a higher ratio of young mothers (who had given birth recently) and inactives among them than among two-children mothers, many of whom are older and may have re-entered the labour market.

Summing up the previous findings, we can safely argue that childbearing and childrearing is always, under all circumstances, a factor that increases poverty risks relative to childlessness. At the same time, we must stress that in the association between childbearing and income poverty, a significant role is played by the unfavourable labour market situation (more precisely, exclusion from the labour market) among people with more children. If the goal is to diminish the additional poverty risks associated with having a number of children, the model suggests two solutions. One would be to improve the labour market situation of people with several children, another would be to improve the income situation of those (recipients of maternity

[9] We should keep in mind that this is not the number of children that the respondent has, but the number of children living in the same household with the respondent

and other supports, housewives) who had to leave the labour market temporarily or permanently.

Partnership

One truly surprising finding is related to the effect of partnership status on the risks of income poverty. The first critical finding is that the *poverty risks of cohabiting people is clearly greater than that of married people*, regardless of the controlled effects of other variables. We cannot possibly argue that this form of partnership produces low income for some inherent reason, so we must suspect hidden structural effects. The proliferation of cohabiting partnerships has gained momentum since the change of the political regime and transcended its former traditional forms (cohabitation in lieu of remarriage, lasting partnership forms of the poor and Roma, "trial marriage"), spreading to other groups and becoming socially accepted in the earlier periods of the life course[10]. All this notwithstanding, it still seems that *cohabitation continues to be more widespread in the poorer segments of the population* (see distributions and single-variable effects in section 2) and this remains conspicuous after controlling for structural effects in Model 3.

According to initial calculations, the income poverty risks of *single or unmarried* people living without a partner is close those of married people, but in Models 2 and 3, they exhibit an above-the-average risk. We need to keep in mind that the partnership variable exerts significant influence when controlled for the number of children, in other words, if we compare two childless persons, or two persons with the same number of children living in their respective households, the person not having a partner (single) will have a greater poverty risk than the married one.

It is interesting that the poverty risk of widows not entering into a subsequent partnership is not much higher than that of married people. This might be partly due to the fact that our sample is closed for age, excluding those being 75 and older. In any case, this finding surprises us – the exploration of the reality behind this will be a task of an analysis focusing on the elderly.

Finally, our data unequivocally shows that *divorce* results in a real and very high additional risk of poverty. It would be interesting to see whether this extra risk is evenly distributed between the women (who usually get to raise the child/ren and the men (who usually get "pushed out" of commonly held property). However, the calculations necessary to explore this would require a model specifically constructed for divorces. We are not going to undertake this here, though a comprehensive overview of the consequences of divorces with regards to a number of important aspects (poverty risk, childbearing, stability of marriages) is of key importance.

We need to realize that our models did not have a separate place for *lone-parent families*[11], but we can speculate about their position within the society at large. We know that this type of family is formed in one of two ways: as a result of divorce or as a result of extra-marital childbearing. We have seen that the ratio of the poor is above the average both among

[10] According to our data, 58% of the people recommend to young people a pre-marital cohabitation as trial marriage and only 29% of them believe in marriage without prior cohabitation. (The rest did not recommend marriage at all or were uncertain).

[11] We abandoned the traditional family typology because of technical reason as we thought we could construct a more stable model by taking into account the number of children, marital status and partnership status.

divorced and single people. We have a very good reason to assume that much of this is due to a significant share of one-parent families.

Labour Market and Occupational Status

The effect of labour market and occupation status merits special attention both in its direct manifestation (single-variable effects) and in its indirect effects (Model 3). The threshold with regards to income poverty risks is determined by the fact whether the person of economically active age is actually employed or is absent for some reason from the labour market, temporarily or permanently[12]. Unemployed people, maternity benefit recipients, disability pensioners and "other inactives" in their active ages are more likely to have poor income than working people. In itself, this is not surprising at all. What might be interesting is that while the inclusion of education in the model takes quite a lot away from the direct effect of occupational status, poverty risks of upper white collar, trained and unskilled workers are significantly below the average.

[12] Students are an exception to this, but they are in a special position anyway since the income situation of their household is seldom dependent on them.

5. Poor Housing Conditions

With regards to age and gender, people living among poor housing conditions exhibit patterns similar to the ones we have seen in connection with income poverty, and even regional aspects appear similarly. More complex models, however, demonstrate that for the most part, regional inequalities in housing conditions can be traced back to structural differences, primarily differences in education. In the case of income poverty, we have already seen that education has a diminishing effect on differences arising out of settlement types and regions, but the phenomenon is much clearer here. Our data suggests that this is the key variable with regards to poor housing condition risks. Low levels of occupational training also increase these risks radically. Compared to the odds ratios of income poverty, the effect of current economic status is significantly weaker.

That the strengths of the explanatory variables of income poverty and poor housing conditions are different, appears logical enough and supports the assumption that poor housing conditions very often come about as a result of a process much longer than income poverty to emerge. The *current status* of the respondent carries a lot of weight with regards to income poverty while poor housing conditions retain, even in the most complex models, the impact of the *highly constant* variable of education. This can be traced back to the fact that in Hungary, labour market status changes quite often during the life course – and with increasing frequency since the transition – and there is a good chance that a temporary inactive situation (unemployment or child raising) brings about an instantaneous decline in the financial situation of the household. An apartment, however, is an asset in today's Hungary which is usually the product of a lifetime's work. It often takes decades of work to be able to afford to purchase an apartment or to significantly improve an existing one (enlargement, refurbishing, etc) – at the same time, one's initial housing situation (which usually depends to a serious extent on parental help[13]) determines one's options for a long time to come. Thus it is not surprising that education, which on the one hands shows a strong correlation with the parents' level of education and determines, on the other hand, the dimensions of one's labour-market career for a long time, shows a strong connection with housing situations on the long run.

When compared to its association with income poverty, *the number of children* (especially high number of children) variable is conspicuous in raising the risks of poor housing conditions. Naturally, this is partly a consequence of the definition since "crowdedness" has been taken as an indicator of poor housing conditions and a high number of dependent children increase the chances of crowdedness. This is especially so, since few people can afford to adjust the size of their housing unit to the number of their children, while it is rather obvious that more children require more space and more rooms.

[13] 39% of the respondents said their parents helped them financially in getting their first independent apartment and another 14% said the parents helped through their connections.

Table 23
Odds Ratios of Logistical Regression Models Analysing Poor Housing Conditions

Variables, categories	Uncontrolled effects		Basic model		Model2		Model3	
	Exp. (B)		Exp. (B)		Exp. (B)		Exp. (B)	
Gender		*		**		***		***
Female	*0,910*	*	0,892	**	0,842	***	0,804	***
Age groups		***		***		***		*
18–29	*0,871*	**	0,878	*	1,120		1,218	**
40–49	*0,792*	***	0,744	***	1,213	**	1,218	**
50–59	*0,439*	***	0,365	***	0,951		0,961	
60–69	*0,481*	***	0,260	***	0,805	*	1,075	
70–75	*0,545*	***	0,233	***	0,754	*	1,001	
Residence		***		***		***		***
Cities/towns, Central and North-western Hungary	*1,085*		0,829	*	0,863		0,855	
Cities/towns, Southern and Eastern Hungary	*1,522*	***	0,952		0,941		0,887	
Villages, Central and North-western Hungary	*1,473*	***	0,908		0,848	*	0,794	**
Villages, Southern and Eastern Hungary	*2,491*	***	1,234	***	1,201	**	1,086	
Ethnicity		***		***		***		***
Roma ethnicity	*12,175*	***	4,571	***	3,448	***	2,983	***
Level of education		***		***		***		***
Incomplete primary	*3,291*	***	5,036	***	4,920	***	4,525	***
Primary	*1,879*	***	2,119	***	2,063	***	1,959	***
Secondary	*0,423*	***	0,460	***	0,471	***	0,583	***
Higher	*0,151*	***	0,173	***	0,172	***	0,234	***
Number of children in the household		***				***		***
No child	*0,467*	***			0,420	***	0,394	***
2	*1,323*	***			1,611	***	1,615	***
3	*3,698*	***			3,780	***	3,632	***
4+ children	*11,366*	***			7,708	***	7,284	***
Partnership status		***				***		***
Single, alone	*1,212*	***			1,955	***	2,225	***
Divorced, alone	*1,319*	***			1,887	***	1,866	***
Widow, alone	*1,048*				1,145		1,142	
Cohabiting	*2,661*	***			2,531	***	2,474	***
Labour market and occupational status		***						***
Upper white collar	*0,246*	***					0,749	
Lower white collar	*0,493*	***					0,735	**
Semi-skilled and unskilled worker	*2,056*	***					1,265	**
Unemployed	*3,494*	***					1,925	***
Old age pensioner	*0,713*	***					0,904	
Disability pensioner	*1,663*	***					1,521	***
Maternity benefits	*3,661*	***					1,435	**
Student	*0,626*	***					0,444	***
Other inactive	*2,819*	***					1,680	***
Nagelkerke R^2			**0,21**		**0,27**		**0,29**	

Reference group: male, age group 30–39, living in Budapest or county capital, not roma, vocational training educational level, marred, one child in the household of the respondent, skilled worker.

There is nothing new about this, but it may be worth mentioning that just like in the case of income poverty, cohabitation (as opposed to marriage) significantly increases the risks of poor housing conditions.

6. Risks of Absolute Deprivation

As a definition of poverty, absolute deprivation should in some ways constitute a middle ground between income poverty and poor housing conditions. While income poverty largely depends on the respondent's (and his/her family members') momentary status in the currently rather unstable labour market, housing conditions indicate, in many cases, the yield of a life course achievement. The possession of assets carries a great weight in absolute deprivation – and while assets are less subject to change than employment, they are more sensitive to changes or occasional crisis situations than housing. Our findings confirmed that a lot of new associations can be brought to light by the use of the indicator of absolute deprivation.

Our first significant findings concern the *elderly:* after controlling for structural effects, their situation with regards to absolute deprivation is *neither better nor worse* than that of other generations. In other words, age has no significant effect on absolute deprivation. This contradicts findings based on other concepts of poverty, which show the elderly in a slightly better situation than the average and demonstrates that the ratio of people among them who have not succeeded in acquiring adequate possessions is about average. At the same time, it also contradicts the view, shared in the 1990s by many, including us, that in the given period, the relative income situation of the elderly has improved and their poverty risks have decreased (Medgyesi et al.1999; Stanovnik et al. 2000). These observations concerned income level, but the financial situation of pensioners appears to be the most stable and because this advantage is rather constant, it can be expected to turn into assets in due time. We cannot provide an explanation for why it has not happened. It may be that the elderly simply do not want to acquire certain types of assets which they don't regard as necessary or don't want to use (such as new household technology). However, it is equally possible that the elderly are saving for their children and grandchildren to help launch their independent life or to contribute to the improvement of their living conditions (Harcsa 1991).

It is highly significant that *education* has the strongest impact on absolute deprivation of all the various concepts of poverty. In itself, this has an explanatory power of 0.21 (Nagelkerke's R^2).

As was expected, the controlled effect of *occupational status* is somewhat stronger than it was in the case of poor housing conditions, but somewhat weaker than the one it had on income poverty.

Both variables (number of dependent children, form of partnership) associated with the *family status* carry important information. It is very interesting that a higher number of dependent children increases the risks of absolute deprivation even if we control for occupational status (Model 3). It is significant that we have observed no such association with regards to income poverty, though it was found to exist with regards to poor housing condition. Nonetheless, we should note that *childbearing* and *childrearing* modifies not just the current occupational status but it also increases the risk of absolute deprivation – in other words, *in some population segments it makes acquiring possessions and securing the fundamental necessities of life more difficult on the long run.* There has to be a long time process at

work – just like in the case of increased risks of poor housing conditions – behind the fact that having more than one child significantly increases the risks of absolute deprivations. The burden of having children manifests itself not only in immediate costs and an uncompensated loss of income but results in long-term effects, such as making acquisition of assets (including adequate housing!) difficult. It remains a question whether the non-material compensations of child-raising (such as emotional joy) are going to be able to offset the additional poverty risks and the material deficits in a way which lowers the ambitions and expectations of people with many children, and, consequently, their perceived deficits as well. The answer to this question must await an investigation general deprivation in living condition.

Table 24
Odds Ratios of Logistical Regression Models Analysing Absolute Deprivation

Variables, categories	Uncontrolled effects		Basic model		Model2		Model3	
	Exp. (B)		Exp. (B)		Exp. (B)		Exp. (B)	
Gender				***		***		***
Female	0,986		0,874	***	0,847	***	0,793	***
Age groups		***		***		***		***
18–29	0,878	*	0,898		0,725	***	0,772	***
40–49	1,059		1,033		1,275	***	1,264	***
50–59	0,879	*	0,782	***	1,110		1,018	
60–69	1,150	*	0,635	***	0,936		1,078	
70–75	1,606	***	0,724	***	0,991		1,136	
Residence		***		***		***		***
Cities/towns, Central and North-western Hungary	1,318	***	0,984		1,056		1,056	
Cities/towns, Southern and Eastern Hungary	2,463	***	1,565	***	1,720	***	1,611	***
Villages, Central and North-western Hungary	1,630	***	0,909		0,973		0,907	
Villages, Southern and Eastern Hungary	3,578	***	1,704	***	1,929	***	1,714	***
Ethnicity		***		***		***		***
Roma ethnicity	13,091	***	5,283	***	5,041	***	4,154	***
Level of education		***		***		***		***
Incomplete primary	5,579	***	5,337	***	4,799	***	4,138	***
Primary	2,482	***	2,454	***	2,327	***	2,037	***
Secondary	0,308	***	0,358	***	0,351	***	0,454	***
Higher	0,082	***	0,099	***	0,103	***	0,206	***
Number of children in the household		***				***		***
No child	1,187	***			0,975		0,943	
2	1,204	**			1,457	***	1,439	***
3	2,394	***			2,042	***	1,754	***
4+ children	6,907	***			3,484	***	2,859	***
Partnership status		***				***		***
Single, alone	1,614	***			3,074	***	3,268	***
Divorced, alone	2,755	***			3,861	***	3,772	***
Widow, alone	2,737	***			2,069	***	2,048	***
Cohabiting	2,340	***			2,535	***	2,435	***
Labour market and occupational status		***						***
Upper white collar	0,119	***					0,391	***
Lower white collar	0,360	***					0,584	***
Semi-skilled and unskilled worker	2,723	***					1,501	***
Unemployed	5,810	***					3,003	***
Old age pensioner	1,891	***					1,252	*
Disability pensioner	3,955	***					2,257	***
Maternity benefits	3,101	***					2,603	***
Student	0,793	*					0,653	***
Other inactive	4,311	***					2,250	***
Nagelkerke R^2			**0,27**		**0,31**		**0,34**	

Reference group: male, age group 30–39, living in Budapest or county capital, not Roma, vocational training educational level, married, one child in the household of the respondent, skilled worker.

As compared to marriage, cohabitation and all types of a single way of life increase the risks of absolute deprivation. In other words, if we control for all other factors, the absolute deprivation situation of a married couple is more advantageous than that of any other marital and partnership statuses. Unlike in the case of poor housing conditions, but similar to income poverty, the greatest poverty risk is related to divorce. A new development concerning earlier models is that as far as absolute deprivation is concerned, becoming a widow also carries an above-the-average risk.

7. Deficit and Its Perception: General Deprivation in Living Condition

In the first section of this paper, we reviewed the theoretical background of concepts based on the idea of deprivation and the reasons why we decided to employ many of these here. In interpreting logistic regression analyses, it is these poverty concepts – that are essentially similar but differ from each other in two critical aspects –that we are going to compare. As opposed to absolute deprivation, the general approach is both *broader* as it accounts for a higher number of living condition elements and *more subjective*. The reason why it is subjective is that we only included assets and living conditions in the analysis whose lack was traced back to inadequate resources by the respondent. Thus, while two respondents may have the same objective living standards, one may be categorized as deprived with regards to living conditions while the other may not depending on their aspirations and perceived financial situation. Therefore this approach highlights the issue of needs and desires as well as the rationale of consumption within the analysis of poverty risks. The comparison of findings of models based on different poverty concepts can inform us about the social groups and segments whose members blame financial reasons for their material deficits.

Immediately, we find a significant difference with regards to the *elderly*. On the basis of a more complex set of elements, including subjective ones, we find that the deprivation risks of people over 50 is rather low, especially compared to the average absolute deprivation risk of the previous model.

If gradually, but the deprivation risks appear to decrease after the age of 50. This rather obviously reflects the difference between the old and the young in terms of needs and aspirations. If the elderly fails to possess an item or fail to perform a certain activity, it is in many cases not due to lack of resources, but to a lack of need or to overriding importance (e.g. the person would rather support his/her [grand]children). We obviously are not in a position to tell what considerations are operative in individual cases. The earlier assumption, that it is not money that makes living conditions of the elderly about the average, nonetheless seems to be very probable.

A closer examination of the situation including the *residence* variables leads to findings that *are the reverse of earlier findings*: with regards to absolute deprivation, people living in Budapest and county seats (cities) are at very low risk – but with regards to general deprivation in living conditions, they appear to be the worst-off, once subjective elements are introduced. We will attempt to explain this at the end of the chapter, after reviewing other features.

With regards to *education,* the inclusion of subjective elements into the model has a strong mitigating effect on the deprivation risks of the critically under-educated (less than primary schooling).

Table 25

Odds Ratios of Logistical Regression Models Analysing Deprivation in Living Conditions

Variables, categories	Uncontrolled effects		Basic model		Model2		Model3	
	Exp. (B)		Exp. (B)		Exp. (B)		Exp. (B)	
Gender		*		***				
Female	1,08	*	1,142	***	1,075		1,081	
Age groups		***		***		***		***
18–29	0,680	***	0,658	***	0,746	***	0,811	***
40–49	0 ,949		0,927		1,087		1,068	
50–59	0,671	***	0,624	***	0,863	*	0,784	***
60–69	0,458	***	0,315	***	0,461	***	0,465	***
70–75	0,337	***	0,206	***	0,301	***	0,301	***
Residence		***		***		***		***
Cities/towns, Central and North-western Hungary	0,790	***	0,621	***	0,645	***	0,636	***
Cities/towns, Southern and Eastern Hungary	1,481	***	1,016		1,038		0,973	
Villages, Central and North-western Hungary	0 ,849	**	0,542	***	0,549	***	0,513	***
Villages, Southern and Eastern Hungary	1,599	***	0,875	**	0,900	*	0,804	***
Ethnicity		***		***		***		***
Roma ethnicity	7,999	***	4,052	***	3,501	***	3,029	***
Level of education		***		***		***		***
Incomplete primary	1,542	***	2,062	***	2,009	***	1,871	***
Primary	1,526	***	1,640	***	1,614	***	1,491	***
Secondary	0,456	***	0,453	***	0,459	***	0,620	***
Higher	0,204	***	0,194	***	0,197	***	0,409	***
Number of children in the household		***				***		***
No child	0,678	***			0,755	***	0,721	***
2	1,162	**			1,232	***	1,236	***
3	2,247	***			1,832	***	1,813	***
4+ children	3,589				1,718	***	1,657	***
Partnership status						***		***
Single, alone	1,030				1,334	***	1,408	***
Divorced, alone	2,321	***			2,577	***	2,482	***
Widow, alone	0,990				1,249	**	1,195	**
Cohabiting	1,978	***			1,694	***	1,652	***
Labour market and occupational status		***						***
Upper white collar	0,210	***					0,371	***
Lower white collar	0,425	***					0,518	***
Semi-skilled and unskilled worker	1,764	***					1,256	***
Unemployed	3,049	***					2,012	***
Old age pensioner	0,586	***					1,111	
Disability pensioner	1,708	***					1,652	***
Maternity benefits	1,893	***					1,102	
Student	0,417	***					0,448	***
Other inactive	1,831	***					1,305	**
Nagelkerke R^2			**0,16**		**0,18**		**0,20**	

Reference group: male, age group 30–39, living in Budapest or county capital, not Roma, vocational training educational level, married, one child in the household of the respondent, skilled worker.

With regards to the *number of children*, the pattern here is similar to the one we saw in the case of absolute deprivation. As opposed to childlessness, having children increases the risks of deprivation, and the (high) number of children is a further risk factor. The use of the model containing subjective elements produces new results only with regards to families with four or more children – their complex deprivation risk is significantly lower than the ones concerning absolute deprivation. Referring back to an earlier question whether the increased poverty risk of people with more children is

offset by the jettisoning of aspirations and desires on the part of the parents: the answer is in the negative. More precisely, such situation arises only in case of a very high number (four or more) of children.

There is a conspicuous difference between the poverty risks of alone living widows, disability pensioners, unemployed, maternity benefits recipients and "other inactives" according to the two different deprivation concepts. The tendency in both categories is that absolute deprivation indicates a high degree of risk and the version containing subjective elements signifies a lower risk.

The features described above provide us with a good indication of how the respondents' (and certain segments of the society) situation changes with the inclusion of subjective elements. Apparently, if needs and aspirations become part of the definition of material backwardness (poverty), the situation of some groups with high poverty risks (the elderly and people living in the lower reaches of regional/residential hierarchy) appears better when compared to objectively defined poverty. It is our assumption that these groups manage to adjust their aspirations to their social realities. At the other end of the scale, city-dwellers routinely exhibit higher aspirations and their subjective deprivation situation is much worse that what could be expected on the basis of their objective situation.

Conclusion

As discussed earlier, we have attempted a multi-pronged approach to poverty and tried to identify groups living in poverty through a simultaneous use of different poverty concepts. This approach was profitable again, since our analyses of risks of living in poverty and different kinds of deprivation produced a very similar picture of the extent and role of social factors. At the same time, the pictures yielded by the different approaches were far from identical, since the different models produced a varying assessment of the role of the various factors. All this suggests that poverty has "many different faces."

The applied structural and demographic traits can give us a good sense of the degree of risk that people are exposed to. The explanatory power of the models was convincing and generally the variables showed significant effects. An overwhelming, overriding effect has been produced by the variable of *educational levels*. In all of the models we used, low education levels unmistakably increased the risk of poverty. (This, needless to say, has far-reaching consequences in social policy with regards to abolishing education inequalities.) Another variable that had a significant effect across all models was that of *Roma ethnicity*. The intensity of its effect was indisputably muted after the inclusion of structural and demographic factors, which makes it clear that the high poverty risk of the Roma population is due primarily to structural reasons (low educational levels, village residence, living in Southern and Eastern Hungary) and demographic factors (high number of children.)

A separate look at the demographic factors themselves reveal that *childbearing and childrearing* is always a risk factor as compared to childlessness and so is *divorce* when it is not followed by a new partnership. The models – with the exception of Model 3 of income poverty – indicated a poverty risk growing proportionately with the number of children. We can set up a number of theories to explain the exception, but testing them would have to wait until the next wave of Panel Survey.

The *labour market and occupational status* is another determining factor with regards to risks of poverty. This primarily means the inactive status of people in active age groups: those on unemployment or maternity benefits, disability pensioners and "other inactives." It has also been clearly demonstrated that the effect of *gender* is significant in neither the bivariate nor in the multi-variate analysis. We measured *regional* and type of settlement effects with a complex variable, which yielded results of strong effect in some models (income poverty), weaker effects in others (poor housing conditions) and reverse effects in general deprivation. In other words, the effect of the region and type of settlement is by no means negligible, but it requires further analysis and testing to map out the actual mechanisms of its effects. As for *age groups*, the associations clearly depend on the poverty concept we choose to work with. In two models (income poverty, deprivation containing subjective elements) the risks of old-age poverty are clearly *below the average* while they are *above the*

average according to the concept of absolute deprivation. (See the relevant sections on possible deviations.)

Comparing the findings of bivariate (cross-table) and multi-variate analyses, it is clear that the latter procedure produces a finer picture and highlights the need, at the same time, for further surveys. Multi-variate analysis leads to a better understanding of the risks of poverty while bivariate analysis – according to the control of multivariate analyses – usually produces a faithful picture.

In this paper, we have often referred to the *various roads ahead*, most frequently to the possibilities inherent in the *second wave of our Panel Survey* which was carried out at the end of 2004. That will give us an excellent opportunity to clarify whether subjective factors, preferences, attitudes, anxieties and values such as optimism and pessimism on the one hand and events in the life course on the other hand have a role to play in processes of impoverishment and enrichment. It is also possible that the reverse is true – in other words, that becoming and being poor induces negative subjective attitudes and/or result in changes in the life course. The separation of these "selective" and/or "adaptive" mechanisms is a serious scholarly challenge and holds out the promise of being very useful in social policy (cf. Lesthaeghe, Moors 2002). After the second wave of data collection, we will be able to address the issue of the impact of changing events and processes of the life course (childbearing, divorce, changes in economic activity) on poverty risks.

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Appendix

Table A.1
Composition of Poverty and Deprivation by Level of Education, in the Population Aged 18–74 (in %)

Level of education	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Incomplete primary	13.2	16.3	19.4	10.2	6.5
Primary	39.8	39.4	43.5	37.0	23.3
Vocational	29.7	29.2	26.9	33.1	29.1
Secondary	15.7	13.0	9.1	16.4	28.6
Higher	1.5	2.1	1.1	3.4	12.6
Total	100.0	100.0	100.0	100.0	100.0

Table A.2
Composition of Poverty and Deprivation by Labour Market and Occupational Status, in the Population Aged 18–74 (in %)

Labour market and occupational status	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Upper management	0.3	1.0	0.1	0.4	3.3
Professionals	0.6	1.1	0.6	2.1	5.8
Entrepreneur	0.2	0.4	0.1	0.1	1.8
Self-employed	2.9	2.1	0.8	1.1	4.0
Lower management	0.4	1.0	0.8	1.0	2.3
Office worker	2.7	3.4	1.9	4.8	8.2
Skilled worker	7.1	12.0	8.6	14.2	13.9
Semi-skilled workers	5.9	11.8	9.8	11.5	8.7
Unskilled worker	5.8	7.7	7.8	8.3	3.6
Unemployed	19.9	13.1	13.2	12.9	5.5
Old age pensioners	10.2	12.1	20.6	12.3	19.3
Disability/widowhood pensioner	17.7	12.6	17.8	14.8	9.5
Maternity benefits	7.9	9.3	6.0	6.4	3.8
Homemaker/Housewife	5.0	3.2	2.8	2.2	1.7
Student	3.7	3.0	2.8	2.6	5.6
Other	9.8	6.0	6.2	5.2	2.8
Total inactives	100.0	100.0	100.0	100.0	100.0

Table A.3
Composition of Poverty and Deprivation by Type of Settlement, in the Population Aged 18–74 (in %)

Type of settlement	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Budapest	8.7	12.4	9.3	16.4	18.0
City (county capitals)	12.0	15.1	13.4	17.6	20.4
Town	26.9	25.2	29.0	27.8	26.9
Village	52.5	47.3	48.3	38.2	34.7
Total	100.0	100.0	100.0	100.0	100.0

Table A.4
Composition of Poverty and Deprivation by Regions, in the Population Aged 18–74 (in %)

Regions	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Western Transdanubia	6.0	8.2	5.6	1.7	9.2
Central Transdanubia	8.6	10.5	9.1	10.8	11.2
Southern Transdanubia	11.6	10.2	10.3	15.4	9.6
Central Hungary	15.6	20.0	17.3	24.8	27.6
Southern Plains	16.7	11.9	17.5	13.9	14.0
Northern Plains	24.6	21.9	26.7	22.3	15.7
Northern Hungary	16.9	17.4	24.4	15.7	12.5
Total	100.0	100.0	100.0	100.0	100.0

Table A.5
Composition of Poverty and Deprivation by Gender, in the Population Aged 18–74 (in %)

Gender	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Male	46.4	49.4	47.6	45.7	47.3
Female	53.6	50.6	52.4	54.3	52.7
Total	100.0	100.0	100.0	100.0	100.0

Table A.6
Composition of Poverty and Deprivation by Age Groups, in the Population Aged 18–74 (in %)

Age groups	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
18–29	23.5	28.7	21.6	23.2	24.5
30–39	20.6	23.3	17.1	22.7	17.4
40–49	25.0	21.8	20.5	24.9	19.8
50–59	17.7	11.3	15.6	16.5	17.7
60–69	9.4	9.7	15.4	9.2	13.9
70–75	3.8	5.2	9.8	3.4	6.8
Total	100.0	100.0	100.0	100.0	100.0

Table A.7
Composition of Poverty and Deprivation by the Size of Respondents' Household, in the Population Aged 18–74 (in %)

Size of respondents' household	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
1	10.8	9.1	18.1	10.5	10.4
2	23.1	12.8	24.4	22.1	26.3
3	20.2	15.0	19.5	22.4	23.7
4	22.5	24.2	18.5	23.7	25.2
5	11.9	19.7	10.6	12.4	9.6
6+	11.5	19.1	8.8	8.8	4.8
Total	100.0	100.0	100.0	100.0	100.0

Table A.8
Composition of Poverty and Deprivation by Types of Respondents' Family, in the Population Aged 18–74 (in %)

Family type	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Single under 50	5.0	2.5	5.1	4.6	3.0
Single over 50	5.8	6.6	14.5	6.0	7.7
Couple under 50	4.3	2.7	3.3	4.1	4.8
Couple over 50	7.7	4.8	10.6	7.9	14.4
Nuclear family with a child under 18	32.4	36.1	23.7	30.9	26.0
Nuclear family with child over 18	11.0	13.8	12.4	10.9	19.5
One-parent family with a child under 18	8.0	5.2	5.6	7.7	3.6
One-parent family with child over 18	8.7	5.8	9.7	9.3	7.5
Three-generation family with a child under 18	7.7	12.8	5.6	6.9	5.2
Three-generation family with child(ren) over 18	1.2	1.4	1.2	1.4	1.9
Other	8.3	11.5	8.2	7.5	6.5
Total	100.0	100.0	100.0	100.0	100.0

Table A.9
Composition of Poverty and Deprivation by Number of Children in Respondents' Household, in the Population Aged 18–74 (in %)

Number of children in respondents' household	Income poverty	Poor hosing condition	Absolute deprivation	General deprivation	Total
0	47.8	38.8	61.5	51.1	63.1
1	23.5	23.6	16.3	21.9	19.4
2	17.5	20.1	12.8	16.6	13.0
3	7.2	11.2	5.8	7.2	3.4
4	4.0	6.3	3.6	3.2	1.1
Total	100.0	100.0	100.0	100.0	100.0

Table A.10
Composition of Poverty and Deprivation by the Age Group of Youngest Child, in the Population Aged 18–74 (in %)

Age groups	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
No child	47.8	38.8	61.5	51.1	63.1
–3	16.6	21.7	12.1	14.1	9.4
4–6	8.8	12.0	7.2	9.2	6.1
7–14	19.9	20.6	14.5	19.3	15.3
15–18	6.8	6.9	4.8	6.2	6.1
Total	100.0	100.0	100.0	100.0	100.0

Table A.11
Composition of Poverty and Deprivation by Marital Status, in the Population Aged 18–74 (in %)

Marital status	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Never married	25.4	30.9	29.4	26.2	25.4
Married	51.2	49.1	41.5	49.7	55.7
Widowed	8.1	8.4	14.2	8.1	8.7
Divorces	15.4	11.6	14.8	16.0	9.8
Total	100.0	100.0	100.0	100.0	100.0

Table A.12
Composition of Poverty and Deprivation by Marital and Partnership Status, in the Population Aged 18–74 (in %)

Marital and partnership status	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Never married	17.7	21.0	22.6	18.8	21.1
Never married cohabiting	7.7	10.0	6.8	7.4	4.6
Married	48.6	46.8	38.9	47.6	54.4
Married separated	2.5	2.3	2.7	2.1	1.3
Divorced, single	3.3	4.2	3.5	3.7	2.6
Divorced, cohabiting	12.1	7.4	11.3	12.4	7.2
Widowed, single	0.8	1.2	1.2	1.2	0.7
Widowed, cohabiting	7.3	7.1	13.0	6.9	8.0
Total	100.0	100.0	100.0	100.0	100.0

Table A.13
Composition of Poverty and Deprivation by Ethnicity, in the Population Aged 18–74 (in %)

Ethnicity	Income poverty	Poor housing condition	Absolute deprivation	General deprivation	Total
Not regarded as Roma	81.1	79.0	82.0	84.1	95.6
Roma self-identity	12.9	14.4	12.2	10.7	2.7
Regarded as Roma, but no Roma self-identity	6.0	6.6	5.8	5.2	1.7
Total	100.0	100.0	100.0	100.0	100.0

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