Recent Changes in Social Conditions of Countries in Transition: Eastern Europe, the Baltic States and the Commonwealth of Independent States

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SUMMARY

This report covers the countries of Eastern Europe, the Baltics and the Commonwealth of Independent States (CIS). Readers will be familiar with the economic and social collapse that in many of these countries accompanied what was called transition. Once envisaged as an orderly process of change from a centrally directed to a market economy, the process so far has been neither orderly nor as rapid as might be wished. The old was demolished in many of the countries but without much progress toward the new.

An attempt is made here not so much to describe the events of the early, disastrous, stages of transition in the beginning of the 1990s, as to ask what has happened in very recent years. Given the depth of economic decline in many of the countries in transition (CITs), improvements in the economy are probably a necessary, if perhaps not sufficient, condition of social rehabilitation. The report therefore begins with a brief account of changes in the economy and related factors such as employment, wages and consumption. The emphasis, however, is on social conditions. The questions are: how many people have how much income? How many are ill, hungry, cold, badly housed, deprived of education or threatened by criminal activity? Who are they (children, the elderly, farmers, pensioners, the unemployed)? And how is the situation changing or failing to change for the better?

It is on these issues, unfortunately, that the statistics are at their weakest. There is no lack of data in general. The trouble is that relatively few of them meet the three essential criteria: relevance, quality and timeliness. The education sector is an example. Traditional indicators include the number of schools, pupils or teachers, or gross enrolment rates, none of which have greatly changed since transition (except preschool enrolment, which has declined sharply in most of the countries). Especially in the CIS, however, the real problems go virtually unrecorded: children leaving before the end of the school year; defective maintenance of buildings; lack of qualified teachers in crucial subjects; absenteeism; lack of teaching aids, including the basics such as books, paper and pencils; absence of school meals; and the intangible, but nonetheless crucial, element in teaching—the nature and content of what is taught, and the manner in which it is taught.

Some of this paper is therefore taken up with an assessment of the data. Given the deficient statistics, an attempt has been made to fill the gaps by recourse to descriptive information taken, for the most part, from the United Nations Development Programme's (UNDP's) 25 or so annual national Human Development Reports. The data and descriptions are used jointly to reach what are hoped to be realistic conclusions on broad social trends, which suggest that even the worst-affected countries had, by 1997, begun to recover. Improvements in the sociopolitical climate helped. The civil war finally ended in Tajikistan, oil drilling was at last under way in Azerbaijan, Georgia was beginning to benefit from the construction of pipe lines to shift the oil. Democratic structures came to be more firmly installed.

In spite of some reverses since 1997 (the following year was disappointing economically) the future is more hopeful than ever it has been since 1989. Social conditions as they existed that year are still far from having been restored—in the countries of the former Soviet Union at any rate—but, with some exceptions in

individual countries, they have stopped deteriorating and begun slowly to improve. The drastic rise in adult mortality in Russia and its neighbours, for example, was reversed as from 1995, infant mortality in many countries stopped rising and began a modest decline, crime rates stabilized, and so on.

Certain anomalies remain. An example is the apparent inconsistency between data on health and on poverty. On reasonable definitions of this elusive concept upwards of 60 per cent of the population in parts of the trans-Caucasus and Central Asia were recorded as in poverty. As defined, poverty of this magnitude implies incomes insufficient to procure minimum food, health care and other essentials. This degree of adversity, however, is not reflected in health and other social statistics. Mortality, especially infant and child mortality, has not been nearly as high as would be expected on the basis of the poverty data.

Of the various explanations, the most likely is the phenomenon described as "coping" within the "shadow economy"—mechanisms of survival that, whatever the name, remain largely unrecorded. Coping includes such activities as growing food for family consumption or rearing livestock on family plots; small-scale commercial activities such as selling cigarettes, loaves of bread or matches; operating kiosks or street stalls; buying and selling foreign currency; family members working abroad and remitting money; using up past savings; obtaining loans; gifts (including help from relatives); selling household possessions; prostitution; and illegal activities including trading narcotics, smuggling and arms trafficking.

Although calculations of gross domestic product or of household income used in assessing poverty normally include estimates of the shadow economy, it is likely that economic decline in the formal sectors has been compensated in recent years by the informal sector to a much greater degree than has been thought. It is difficult, otherwise, to explain some of the recent changes in social conditions described in this report.

Substitution through private means to compensate for the decline in the formal economy is also observed in other domains. Thus, kinship patterns play a similar role in the sense that the more affluent support the indigent family members; private arrangements of this kind have to some extent replaced public welfare. Similarly, the decline in fertility (in countries in transition, Central Asia and Azerbaijan excepted, to well below replacement level) is to some extent a private response to austerity.

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RÉSUMÉ

Ce rapport couvre les pays d'Europe de l'Est, les Etats baltes et la Communauté des Etats indépendants (CEI). Les lecteurs n'ignorent pas quel effondrement économique et social a accompagné dans beaucoup de ces pays ce qu'on a appelé la transition. Naguère envisagé comme le passage ordonné d'une économie dirigée à une économie de marché, le processus jusqu'à présent n'a été ni ordonné ni aussi rapide qu'on aurait pu le souhaiter. L'ancien système a été démantelé dans beaucoup de pays sans que l'on ait beaucoup progressé vers le nouveau.

Le propos est ici moins de décrire les événements des débuts—désastreux—de la transition, au début des années 90, que de se demander ce qui s'est passé ces dernières années. Vu l'ampleur de la récession économique dans bien des pays en transition, un redressement de l'économie est une condition sans doute nécessaire, mais peut-être pas suffisante du relèvement social. Le rapport commence donc par un bref exposé des changements survenus dans l'économie et des facteurs qui y sont liés tels que l'emploi, les salaires et la consommation. Mais il s'intéresse surtout aux conditions sociales en se posant des questions telles que celles-ci: combien d'habitants ont tel ou tel revenu? Combien sont malades, ont faim, froid, sont mal logés, privés d'instruction ou risquent de tomber dans la délinquance? Qui sont-ils (enfants, personnes âgées, agriculteurs, retraités, chômeurs)? En quoi la situation est-elle en train ou non de s'améliorer?

Malheureusement, c'est sur ces questions que les statistiques sont le plus faibles. On ne manque pas de données en général. Mais elles sont relativement peu nombreuses à satisfaire aux trois critères essentiels: utilité, qualité, disponibilité au moment voulu. Le secteur de l'éducation en est un exemple. Les indicateurs traditionnels comprennent notamment le nombre des écoles, des élèves et des enseignants ou les taux bruts d'inscription. Aucun de ces chiffres n'a beaucoup changé depuis la transition (à l'exception des inscriptions dans les établissements préscolaires qui ont fortement baissé dans la plupart des pays). Pourtant, les vrais problèmes ne sont pratiquement pas recensés, en particulier dans la CEI: les abandons scolaires en cours d'année; l'entretien défectueux des locaux; le manque d'enseignants qualifiés pour des matières essentielles; l'absentéisme; le manque de matériel d'enseignement, y compris du strict nécessaire comme des livres, du papier et des crayons; l'absence de repas servis dans les écoles et l'élément intangible mais néanmoins crucial de l'enseignement—la nature et le contenu de ce qui est enseigné et la manière de s'y prendre.

Une partie de ce rapport est donc consacrée à une évaluation des données. Les statistiques étant déficientes, on a tenté de combler les lacunes en recourant aux informations descriptives empruntées, pour la plupart, aux quelques 25 rapports nationaux annuels du Programme des Nations Unies pour le développement (PNUD) sur le développement humain. A partir des données et des descriptions, on a tiré des conclusions que l'on espère réalistes sur les grandes tendances sociales, qui laissent à penser qu'en 1997, même les pays les plus gravement touchés commençaient à renouer avec la reprise. Une amélioration du climat socio-politique y contribuait. La guerre civile avait enfin cessé au Tadjikistan, des forages pétroliers avaient été finalement entrepris en Azerbaïdjan, la Géorgie commençait à tirer profit de la construction de pipelines pour transporter le pétrole. Les structures démocratiques s'affermissaient.

Malgré certains revers depuis 1997 (l'année suivante a été décevante sur le plan économique), l'avenir est plus prometteur que jamais depuis 1989. Les conditions sociales qui existaient cette année-là sont encore loin d'être rétablies—dans les pays de l'ancienne Union soviétique en tout cas—mais, avec quelques exceptions dans des pays isolés, elles ont cessé de se dégrader et se sont lentement mises à s'améliorer. La mortalité chez les adultes, qui avait enregistré une forte augmentation en Russie et chez ses voisins, a commencé à régresser dès 1995, la mortalité infantile a cessé d'augmenter dans de nombreux pays et a amorcé une modeste baisse, les taux de criminalité se sont stabilisés, etc.

Certaines anomalies demeurent. L'incohérence manifeste entre les données relatives à la santé et celles qui touchent à la pauvreté en sont un exemple. Selon des définitions raisonnables de cette notion difficile à saisir, plus de 60 pour cent des habitants de certaines régions de la Transcaucasie et d'Asie centrale sont recensés comme pauvres. Telle qu'elle est définie, une pauvreté de cette magnitude sous-entend des revenus insuffisants pour se procurer le minimum de vivres, de soins de santé et d'autres biens ou services nécessaires. Pourtant, les statistiques de la santé ni aucune statistique sociale ne reflètent un tel degré d'adversité. La mortalité, en particulier des nourrissons et des enfants, n'est pas aussi élevée que pourraient le faire craindre les données sur la pauvreté.

Des diverses explications, la plus vraisemblable est le phénomène décrit comme celui de "débrouillardise" dans "l'économie parallèle", autrement dit, des mécanismes de survie qui, quel que soit le nom qu'on leur donne, échappent dans une large mesure aux statistiques. Se débrouiller, c'est par exemple cultiver le lopin de terre familial pour nourrir la famille ou y faire de l'élevage; c'est avoir une petite activité commerciale, vendre des cigarettes, du pain ou des allumettes, par exemple; tenir un kiosque ou un éventaire dans la rue; acheter et vendre des devises; avoir de la famille à l'étranger qui vous envoie de l'argent; dépenser ses économies; obtenir des prêts; recevoir des cadeaux (incluant l'aide de parents); vendre des biens du ménage; se prostituer et se livrer à des activités illégales comme le commerce de stupéfiants, la contrebande et le trafic d'armes.

Bien que dans les calculs du produit intérieur brut ou des revenus des ménages dont on se sert pour évaluer la pauvreté soient normalement incluses des estimations de l'économie parallèle, il est probable que, récemment, le secteur non formel ait beaucoup mieux compensé qu'on ne le pensait la dépression économique des secteurs formels. Sinon, certains des changements récents de la situation sociale décrits dans ce rapport sont difficilement explicables.

On voit aussi dans d'autres domaines des moyens privés compenser le déclin de l'économie formelle. L'entraide entre parents, les plus aisés entretenant ceux qui sont sans ressources, joue un rôle analogue; des arrangements privés de cette nature ont en partie remplacé la protection sociale publique. De même, la baisse de la fécondité (qui est tombée bien en-dessous du taux de reproduction dans les pays en transition, à l'exception de l'Asie centrale et de l'Azerbaïdjan) est dans une certaine mesure une réaction privée à l'austérité.

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RESUMEN

En el presente informe se abarcan los países de Europa del Este, los Estados bálticos y la Comunidad de Estados Independientes (CEI). Los lectores ya estar án familiarizados con el colapso económico y social que acompañó la llamada transición en muchos de estos países. Concebido en su día como proceso ordenado de cambio de una economía de planificación centralizada a una economía de mercado, hasta ahora el proceso no ha sido ni ordenado,

ni tan rápido como cabría desear. El antiguo sistema se destruyó en muchos países, pero sin hacerse grandes progresos hacia el nuevo.

El propósito de este documento no es tanto describir los episodios de las tempranas y desastrosas etapas de la transición a principios del decenio de 1990, como preguntarse por lo sucedido en los últimos años. En vista del profundo declive económico de muchos países en transición, la introducción de mejoras económicas probablemente sea una condición necesaria, aunque posiblemente insuficiente, para la rehabilitación social. El informe comienza, por tanto, con una breve relación de los cambios operados en la economía y de factores relacionados, como el empleo, los salarios y el consumo, pero fundamentalmente se hace hincapié en las condiciones sociales. Las preguntas que se plantean son las siguientes: ¿cuántas personas tienen qué sueldo? ¿Cuántas padecen enfermedades, hambre y frío, carecen de una vivienda decente, se ven privadas de una educación o amenazadas por una actividad delictiva? ¿Quienes son (niños, ancianos, agricultures, pensionistas o desempleados)? ¿Mejora la situación y, en caso positivo, de qué manera?

Desgraciadamente, las estadísticas sobre estos aspectos son insuficientes. Por lo general no faltan datos. El problema radica en que relativamente pocos cumplen las tres condiciones esenciales: pertinencia, calidad y actualidad. Un ejemplo es el sector de la educación. Los indicadores tradicionales incluyen el número de escuelas, alumnos o maestros, o la tasa bruta de matriculación, ninguno de los cuales ha experimentado grandes cambios desde la transición (excepto la matriculación en la educación inicial, que ha disminuido radicalmente en la mayoría de los países). Sin embargo, en particular en la CEI, los verdaderos problemas prácticamente no están registrados: niños que abandonan la escuela antes de finalizar el curso; mantenimiento defectuoso de los edificios; falta de profesores calificados en asignaturas importantes, absentismo, falta de medios de enseñanza, incluidos los básicos como libros, papel y lápices; falta de alimentación escolar, y el factor intangible, pero fundamental, de la enseñanza: la naturaleza y el contenido del lo que se enseña, y el modo en que se enseña.

Por tanto, una parte de este informe está dedicada a la evaluación de los datos. En vista de las estadísticas deficientes, se ha realizado un esfuerzo para colmar las lagunas, recurriendo a la información descriptiva, sacada en su mayor parte, de los aproximadamente 25 informes anuales sobre el desarrollo humano nacional del Programa de las Naciones Unidas para el Desarrollo (PNUD). Los datos y las descripciones se utilizan conjuntamente con el propósito de llegar a conclusiones realistas sobre tendencias sociales generales, que sugieren que, en 1997, incluso los países más afectados habían empezado a recuperarse. A esto contribuyeron las mejoras sociopolíticas. La guerra civil de Tayikistán acabó, la extración de petróleo se emprendió finalmente en Azerbaiyán y Georgia empezó a beneficiarse de la construcción de tuberías para trasladar el petróleo. Las estructuras democráticas lograron establecerse más firmemente.

A pesar de algunos retrocesos experimentados desde 1997 (el año siguiente fue decepcionante desde el punto de vista económico), el futuro es más prometedor de lo que ha sido nunca desde 1989. Aún falta mucho para que se reestablezcan las condiciones sociales de aquel año - en todo caso, en los países de la antigua Unión Soviética -, pero, con excepción de determinados países, han dejado de deteriorarse y han comenzado a mejorar lentamente. Por ejemplo, el aumento drástico de la mortalidad adulta en Rusia y en sus países vecinos se invirtió a partir de 1995, en

muchos países la mortalidad infantil cesó de aumentar y empezó a disminuir paulatinamente, las índice de criminalidad se estabilizó, etc.

Aún persisten ciertas anomalías como, por ejemplo, la aparente inconsistencia entre los datos sobre la salud y la pobreza. Considerando las definiciones razonables de este vago concepto, se consideró que más del 60 por ciento de la población de algunas zonas transcaucásicas y de Asia vivía en la pobreza. Conforme a lo definido, una pobreza de esta magnitud supone ingresos insuficientes para obtener los alimentos y la atención sanitaria esenciales y otros servicios fundamentales. Este grado de adversidad, sin embargo, no se refleja en las estadísticas sanitarias y en otras estadísticas sociales. La mortalidad, particularmente infantil y en la niñez, no ha sido ni mucho menos tan elevada como se temía según los datos sobre la pobreza.

La explicación más probable es el fenómeno descrito como “salir adelante” en la “economía en la sombra”: mecanismos de supervivencia que, independientemente de su denominación, en su mayoría no están registrados. Salir adelante incluye actividades como cultivar alimentos para el consumo familiar o criar ganado en parcelas familiares; actividades comerciales a pequeña escala como la venta de cigarrillos, barras de pan o cerillas; explotación de quioscos o puestos ambulantes; compraventa de moneda extranjera, miembros de la familia que trabajan en el extranjero y envían dinero; gasto de antiguos ahorros; obtención de préstamos; regalos (incluida la ayuda de familiares); venta de las pertenencias domésticas; prostitución; y actividades ilegales, como el narcotráfico, el contrabando y el tráfico de armas.

Aunque el cálculo del producto interno bruto o de los ingresos familiares utilizados en la evaluación de la pobreza generalmente incluyen previsiones de la economía en la sombra, en los últimos años, el declive económico en los sectores formales probablemente se haya visto compensado mucho más de lo previsto por el sector informal, ya que, de otro modo, es dificil explicar algunos de los cambios recientes en las condiciones sociales descritos en el presente informe.

En otros ámbitos también se observa el recurso a la sustitución, por medios privados, para compensar el declive de la economía formal. Así, los modelos de semejanza también desempeñan un papel similar, es decir, los más ricos apoyan a los miembros de la familia indigente; este tipo de disposiciones particulares ha reemplazado en cierto modo el bienestar público. Igualmente, la disminución de la fecundidad (en países en transición, excepto en Asia Central y Azerbaiyán, muy por debajo del nivel de reemplazo) es en parte una respuesta particular a la austeridad.

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ОСНОВНЫЕ ПОЛОЖЕНИЯ ДОКЛАДА

Настоящий доклад посвящен положению в странах восточной Европы, прибалтийских государствах и Содружестве Независимых Государств (СНГ). Читатели смогут ознакомиться с последствиями социально-экономического кризиса, который во многих из этих стран сопровождал процесс, который

принято называть переходом. Исходно планировавшийся в качестве упорядоченного процесса перехода от централизованно планируемой к рыночной экономике, данный процесс до сих не оправдал возлагавшихся на него надежд как с точки зрения упорядоченности, так и сроков. Во многих странах взамен разрушенного старого не было создано ничего сколь-либо значимого нового.

В настоящем документе делается попытка не столько описать события предыдущих, катастрофических этапов перехода в начале 90-х годов, сколько проанализировать динамику последних лет. С учетом глубины экономического спада во многих странах переходного периода улучшение положения в экономике вероятно является одним из необходимых, хотя, возможно, и недостаточным условием восстановления социальной сферы. Вследствие этого в начале доклада приводится краткий обзор изменений в экономике и таких связанных с ней областях, как занятость, оплата труда и потребление. Упор, однако, делается на социальные условия. В докладе анализируются такие вопросы, как уровень и распределение доходов; число людей, страдающих от болезней, голода, холода, неудовлетворительных жилищных условий, отсутствия образования или преступности; состав этих уязвимых групп (дети, престарелые, труженики села, пенсионеры, безработные) и наличие и отсутствие тенденций изменения положения к лучшему.

К сожалению, статистика не позволяет подробно осветить эти вопросы. Речь идет не об отсутствии данных, как таковых. Проблема заключается в том, что лишь относительно небольшое число данных удовлетворяет трем основным критериям: значимость, качество и своевременность. Примером может служить сектор образования. Традиционные показатели включают в себя показатели количества школ, численности учащихся или учителей или общие коэффициенты охвата тем или иным видом образования, ни один из которых не претерпел значительных изменений с момента начала перехода (за исключением коэффициента охвата дошкольными учреждениями, который резко снизился в большинстве стран). Однако, в особенности в СНГ, реальные проблемы остаются практически вне сферы охвата статистики. Речь идет о таких проблемах, как прекращение посещения школы до окончания учебного года; неудовлетворительное содержание зданий; нехватка квалифицированных учителей по ключевым предметам; прогулы; нехватка учебных материалов, в том числе таких базовых, как книги, бумага и карандаши; отсутствие школьного питания; и такой нематериальный, но тем не менее важный элемент обучения, как характер и содержание учебных программ и методика преподавания.

В связи с этим некоторые суждения, приводимые в настоящем документе, опираются на оценку данных. Ввиду отсутствия требуемых статистических данных была предпринята попытка восполнить пробелы за счет использования описательной информации, заимствованной в большинстве случаев примерно из 25 ежегодных национальных докладов о развитии людских ресурсов Программы развития Организации Объединенных Наций (ПРООН). Выражается надежда на то, что данные и сопровождающая их описательная информация позволяют сделать реалистичные выводы о существующих широких социальных тенденциях, которые свидетельствуют о том, что даже в наиболее кризисных странах к 1997 году начался подъем. Этому содействовало улучшение социально-политического климата. В Таджикистане наконец закончилась гражданская война, Азербайджан

приступил к бурению нефтяных скважин, а Грузия начала пользоваться выгодами от строительства трубопровода для перекачки нефти. Кроме того, произошло упрочение демократических структур.

Несмотря на то, что период после 1997 года был отмечен возвратом некоторых негативных тенденций (следующий год был неутешительным с экономической точки зрения), перспективы выглядят более обнадеживающими, чем когда-либо с 1989 года. Хотя уровень социального развития, существовавший в 1989 году, по-прежнему остается для них недостижимым, во всяком случае для стран бывшего Советского Союза, во всех этих странах, за некоторыми исключениями, ухудшение социальных условий прекратилось, и они начали постепенно улучшаться. Так, например, резкое увеличение смертности взрослых в России и соседних с ней странах, сменилось в 1995 году обратной тенденцией. Во многих странах младенческая смертность прекратила расти и начала постепенно сокращаться. Кроме того, стабилизировалась динамика преступности и т.д.

Однако некоторые аномалии сохраняются. Примером может служить явное противоречие между данными о состоянии здоровья и бедности. Используя разумные определения этой достаточно расплывчатой концепции, можно сделать вывод о том, что 60% населения в Закавказье и Центральной Азии находятся за чертой бедности. В соответствии с определением такие масштабы бедности предполагают уровень дохода, недостаточный для покупки минимального количества продовольствия, обеспечения минимального уровня медицинского обслуживания и удовлетворения других базовых потребностей. Однако данное бедственное положение населения не находит своего отражения в статистике здравоохранения и других видах социальной статистики. Смертность, в особенности младенческая и детская смертность, характеризуются показателями, которые ниже величин, которые можно было бы ожидать с учетом данных о бедности.

Из различных объяснений наиболее правдоподобным выглядит следующее: население вынуждено устраиваться в условиях "теневой экономики". Каковым бы ни было название, под этим подразумеваются механизмы выживания, которые в основном остаются вне сферы охвата статистики. Речь идет о таких видах деятельности, как выращивание сельхозпродуктов для семейного потребления или разведение скота на личных участках; мелкая коммерческая деятельность, такая, как продажа сигарет, хлеба или спичек, торговля в киосках или с уличных лотков; покупка и продажа иностранной валюты; работа членов семьи за границей с переводом денег родственникам; использование прошлых сбережений; получение кредитов; подарков (включая помощь от родственников); продажа имеющегося имущества; проституция и противозаконные виды деятельности, включая торговлю наркотиками, воровство и контрабанду оружия.

Хотя расчеты валового внутреннего продукта или доходов домохозяйств, используемые для оценки уровня бедности, как правило, включают в себя оценки теневой экономики, вполне вероятно, что экономический спад в официальных секторах был компенсирован в последние годы деятельностью в неофициальном секторе в намного большей степени, чем это принято считать. В обратном случае некоторые из последних изменений в социальной сфере, описываемые в докладе, с трудом поддаются объяснению.

Замещение доходов с помощью частных средств для компенсации спада в официальной экономике также наблюдается и в других областях. Так, например, аналогичную роль выполняют родственные связи в том смысле, что более состоятельные родственники оказывают помощь бедным членам своей семьи; частные формы вспомоществования такого рода заменили в некоторой степени собой систему социального обеспечения. Аналогичным образом снижение рождаемости (которая в странах с переходной экономикой, за исключением стран Центральной Азии и Азербайджана, упала намного ниже уровня воспроизводства населения) является своего рода реакцией населения на неблагоприятные экономические условия.

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ABBREVIATIONS AND ACRONYMS

CIS	Commonwealth of Independent States
CIT	country in transition
GDP	gross domestic product
GEL	Georgian lari
IDP	internally displaced person
ILO	International Labour Organization
IMR	infant mortality rate
NHDR	national Human Development Report
NMP	net material product
PPP	purchasing power parity
TR	Tajik roubles
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNICEF	United Nations Children's Fund
USSR	Union of Soviet Socialist Republics
WHO	World Health Organization

An attempt is made here to assess changes in social conditions in countries in transition since the beginning of the 1990s, and especially since 1995 or 1996 when economic conditions, after an initial drastic decline, began to improve in most of the countries.[1] This early period is by now well documented; what has been happening since 1995 is less well known. Available statistical data are assessed for their ability to answer the question of whether people are now more or less ill, hungry and in poverty than they were in the initial years of transition after 1989. And since policy intervention is necessarily directed at the most deprived, there is a second question, namely who—in terms of distinct socioeconomic categories—are the deprived, and to what extent are their conditions changing as distinct from changes in national averages.

1. THE ECONOMY

The reason that a paper on social conditions begins with an account of the economy is that, far more than in the West, amelioration of living conditions in Eastern Europe and the Commonwealth of Independent States (CIS)[2] depends strongly on economic recovery. Given the low levels of production to which so many of the countries have sunk, the first priority is to produce and trade what is produced. Enhanced production may not be a sufficient condition for better social conditions. Measures are required at the production stage and in distribution so that, once realized, the benefits are widely spread. But without production there is nothing to spread. A unified approach, involving economic and social measures, is required for balanced development.

> Economic performance and economic policies are of crucial importance when estimating the dynamics of human development opportunities. Economic growth per se does not guarantee better living standards, a greater number of choices or a more secure existence. But it is a necessary precondition for all these (Bulgaria, NHDR 1998, p. 25).[3]

[1] Information for individual countries in the present paper comes from national Human Development Reports now issued annually in the majority of CITs. These are initiated and financially supported by the country offices of the United Nations Development Programme (UNDP) acting in co-operation with national governments. The reports are normally drafted by teams of national experts from universities, government or research institutes, sometimes assisted by international consultants. National statistical offices usually supply the data. Some of the reports take their themes from the current global **Human Development Report**. For cross-national data in the paper, the principal sources are the United Nations Economic Commission for Europe (UNECE's) **Economic Survey of Europe**, and United Nations Children's Fund (UNICEF's) **Social Monitoring Report**. For the purposes of the latter UNICEF's International Child Development Centre maintains the MONEE database, which is a source of some of the information in the tables.

[2] The 27 countries in transition (CITs) included in this study have been divided into six sub-regional groups, reflecting general development trends as well as geography: (i) Central Europe: Croatia, Czech Republic, Hungary, Poland, Slovakia, Slovenia. (ii) South-Eastern Europe: Bulgaria, Romania, Albania, Bosnia and Herzegovina, FYR Macedonia, FR Yugoslavia. (iii) Baltics: Estonia, Latvia, Lithuania. (iv) Caucasus: Armenia, Azerbaijan, Georgia. (v) Western CIS: Belarus, Moldova, Russian Federation, Ukraine. (vi) Central Asia: Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan. Groups (iv) to (vi) comprise the Commonwealth of Independent States. No valid figures are available for the 27th country, Bosnia and Herzegovina, Republika Srpska included, which normally belongs to Group (ii).

[3] NHDR means national Human Development Report, annual reports issued under the auspices of UNDP in most of the CITs. Modifications of quotations by the author are in

The year 1997 and the first quarter of 1998 were in many ways the best periods for the economies of the region since the start of transition, and while growth in the majority of countries was nonetheless modest (and for some remained negative) it was still an improvement over the sometimes dramatic events of the early years of the decade.

◆ Early Transition

> The first stage (of the reform of the national economy) was dominated by the political and socio-economic collapse of the former USSR, with all the repercussions to be expected in a peripheral area which had been integrated into a centrally planned system. The break-up of the USSR as a political and economic system led to the disintegration of all the former regulatory mechanisms, to the rupture of economic ties between the former republics and, consequently, to a sharp decline of production in all sectors of the national economy, to galloping inflation and to the substantial reduction of living standards of the population (Moldova, NHDR 1997).

Production before transition, in the 1980s, was already well below requirements. Russia, for example, increased its net material product (NMP)[4] between 1984 and 1990 by less than 2 per cent per annum. But it took the combination of economic and civic disintegration that followed the collapse of the Soviet Union, and independence of its member states and neighbours, to change relative ineffectiveness into rout. The dramatic changes in GDP/NMP after 1989 are shown in table 1 and chart 1.

Although all the countries in transition were affected, the extent and pace of disintegration were far from uniform. Georgia, at one end of the scale, was despoiled not only by economic disintegration but also by three successive armed conflicts as ethnic groups within the country claimed the same kind of independence that Georgia as a state had just received from the Soviet Union. National production plummeted by a record (among the CIS) 77 per cent. At the other extreme, the Central European states did much better, declining by no more than 21 per cent at worst.[5] Here recovery was already well under way by 1993 at the latest, while most countries of the CIS were still struggling (chart 2). The average loss in GDP/NMP in the republics of the former USSR was considerably greater than in Central Europe: 53 per cent (at its worst) in the Baltic states by 1993/94; 39 per cent in the Western CIS group, which includes Russia and the Ukraine, where the decline continued as late as 1996; 64 per cent in the three trans-Caucasian states as recently as 1995; 34 per cent on average in the Central Asian republics.[6]

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italics. Not all the existing NHDRs were available to the author at the time of writing, which explains the absence of references to some countries, or to the most recent version of their reports.

[4] The equivalent in Soviet national accounting to net domestic product in the Western system of national accounts.

[5] Except for Croatia, affected by armed conflict, whose GDP declined by over 40 per cent.

[6] Uzbekistan was an exception among countries of the ex-USSR; the decline in production (mainly cotton and other primary produce) was limited to 19 per cent.

Table 1
Growth/decline in GDP/NMP*, 1985 to 1998 (1989=100)

	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Central Europe	**92**	**100**	**92**	**83**	**82**	**84**	**87**	**93**	**97**	**103**	**106**
Croatia**	100	100	93	73	64	59	63	67	71	76	78
Czech Republic	91	100	99	87	85	85	87	93	96	98	95
Hungary	94	100	97	85	82	82	84	86	87	91	95
Poland	90	100	88	82	84	88	92	99	105	112	117
Slovakia	91	100	98	83	78	75	79	84	90	96	100
Slovenia	101	100	92	84	79	81	86	89	92	97	101
S.E. Europe	**98**	**100**	**93**	**81**	**71**	**67**	**69**	**74**	**75**	**72**	**70**
Bulgaria	90	100	91	83	77	76	78	80	72	67	69
Romania	103	100	94	82	75	76	79	85	88	82	76
Albania	88	100	90	65	60	66	71	81	88	82	89
FYR Macedonia	96	100	90	84	77	70	69	68	68	69	71
Yugoslavia	99	100	92	81	59	41	42	44	47	50	52
Baltics	**81**	**100**	**98**	**90**	**68**	**58**	**55**	**56**	**59**	**63**	**66**
Estonia	86	100	92	83	71	65	64	66	69	77	80
Latvia	81	100	103	92	60	51	52	51	53	56	58
Lithuania	80	100	97	91	72	60	54	56	59	62	65
Caucasus	**99**	**100**	**89**	**80**	**55**	**42**	**37**	**36**	**38**	**40**	**43**
Armenia	96	100	95	83	49	44	47	50	53	54	58
Azerbaijan	99	100	88	88	68	52	42	37	37	40	44
Georgia	100	100	85	67	40	26	23	24	27	30	31
Western CIS	**90**	**100**	**97**	**91**	**79**	**71**	**60**	**56**	**54**	**55**	**53**
Belarus	85	100	98	97	88	81	71	63	65	72	79
Moldova	83	100	98	81	57	57	39	38	35	36	33
Russian Fed.	91	100	97	92	79	72	63	60	58	59	56
Ukraine	89	100	96	88	79	68	52	46	41	40	39
Central Asia	**89**	**100**	**100**	**95**	**83**	**78**	**69**	**66**	**67**	**69**	**71**
Kazakstan	91	100	99	88	83	76	66	61	61	62	61
Kyrgyzstan	83	100	105	97	83	70	56	53	57	63	64
Tajikistan	92	100	100	92	62	52	41	36	30	30	32
Turkmenistan	90	100	102	97	83	84	69	64	69	61	64
Uzbekistan	88	100	99	99	88	86	81	81	82	86	90

* NMP (Net material product, as used instead of GDP in the Soviet era) in countries of the former Soviet Union 1985 to 1990 (1992 in Turkmenistan). To ensure continuity in comparisons these data were chain linked to GDP data as from 1990.

** Gross material product 1985 to 1989

Source: UNECE, **Economic Survey of Europe**, 99/1

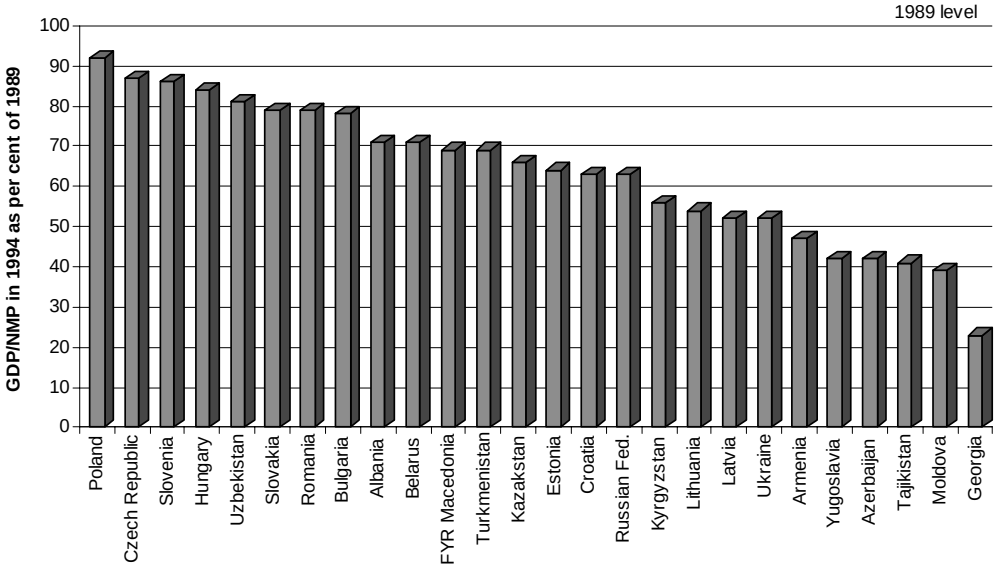
Sub-regional aggregates in this and other tables calculated by the author.

Transition was once envisaged as an orderly process of institutional change and investment whereby the centrally directed economy moves toward the market. In an ideal situation, initial growth of both product and social benefits might be postponed so that, once the institutions were changed and the required investments made, progress could be the more rapid.[7] While this has happened to some extent,

[7] "One extreme option is to use the available potential . . . to stimulate further growth while postponing growth in individual consumption until some time in the future. The other extreme is to channel all available sources into direct (short-term) human development goals, in other words to increase current consumption and social expenditure at the cost of future growth . . . " (Bulgaria, NHDR 1998, p. 25).

especially in Central Europe (see, for example, the Polish NHDR 1997 for an excellent account of structural change), the process in most of the CITs was much less orderly than might have been wished. In many of them the old was "rung out" without much progress toward the new. Transition of the economy in its constructive form in these countries has hardly begun.

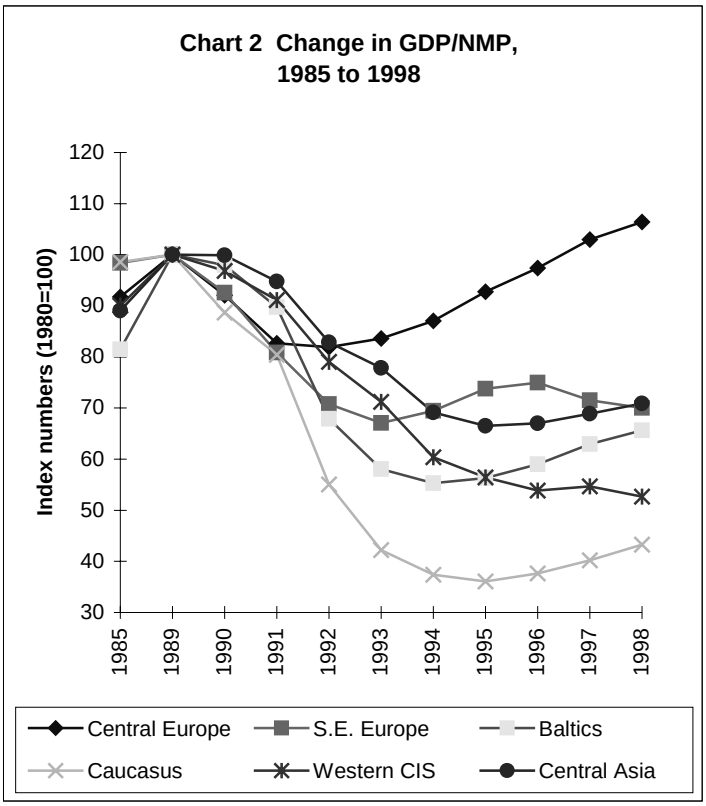
Chart 1 Comparative decline of GDP/NMP in early transition, 1989 to 1994



Moreover, attention to economic reform had to compete with domestic political reform, requiring the shedding of communist forms of government and—no mean task—the substitution of capitalist for communist norms and values, as well as with processes of national independence, including their international ramifications. Explanations for the relative failure of the transition process (or at best its slow pace) in individual countries run most often less in terms of armed conflict than of corruption in an atmosphere of grab what you can and the devil take the hindmost. While inflation impoverished those with small savings, inflation and privatization have afforded rare opportunities to the more knowledgeable or unscrupulous to make fortunes. Polarization has been a typical feature of transition in the sense that a few now own a disproportionately large share of what wealth there is, while the masses have only their poverty.

◆ The Beginning of Recovery

Central and south-eastern European and the Baltic states (except for FYR Macedonia) began to recover after 1993, with Poland in 1996 the first country in transition to revert to and exceed 1989 levels of GDP. Most of the countries of the CIS continued their decline into 1995 or 1996. In this sense, therefore, given the scale and duration of the decline, 1997 is noteworthy as the first year that saw an increase in GDP covering the entire region—with the exception of Albania, Bulgaria and Romania (which experienced a renewed crisis, following some progress in earlier years), Ukraine and Turkmenistan. In most of the countries progress was carried forward into 1998 but, because of economic crisis in Asia and the Russian Federation, it was less far-reaching than had been hoped. Moreover, GDP declined in the countries of the Western CIS (except Belarus) as well as the Czech Republic, Romania and Kazakhstan.



Recovery in terms of GDP is supported by figures of industrial production and inflation (table 2, and charts 3 and 4). In most of the countries, industrial production rose in 1997 significantly if unevenly (with negative figures only in Albania, Bulgaria and Romania as well as Moldova, Ukraine, Tajikistan and Turkmenistan) and, though less strongly, continued to do so in 1998. Inflation, indicative of economic instability, was likewise well under control, except in 1998 in Belarus, Romania, Russia and Yugoslavia. While the situation was hopeful in 1997 and in many countries in 1998, doubt still remains as to whether economic progress can be sustained.

The experience of Russia and neighbouring countries in the Western CIS in 1998 is a case in point. The Russian Federation, for the first time since 1989, experienced in 1997 a modest increase in GDP, matched by a rise in industrial production and contained inflation (11 per cent in 1997, down from very much larger figures in previous years). Two major financial crises, respectively in March and August 1998, nonetheless showed the country's economic fragility. Problems included speculation, especially in short-term financial markets, and withdrawal, at a crucial stage, of foreign speculative capital; low levels of tax revenue; fiscal deficits and their financing; wage arrears; continued dependence on the export of primary commodities associated with a decline in the prices of some of them (especially oil) and subsequent fall in export revenues; lack of competitiveness in the face of foreign importers in the manufacture of consumption goods; insufficient liquidity for enterprises; and political instability. The new rouble lost in August 1998 two thirds of its value vis-à-vis the US dollar, with sharp increases in consumer prices as one result. GDP declined by almost 5 per cent over the year.

Table 2

GDP, industrial output and inflation, 1997 and 1998

	GDP		Industrial output		Consumer prices	
	annual growth (%)		annual growth (%)		Dec/Dec %	
	1997	1998	1997	1998	1997	1998
Central Europe						
Croatia	6.5	3	6.8	3.7	4.0	5.6
Czech Republic	1.0	-2.7	4.5	1.6	9.9	6.7
Hungary	4.6	5	11.1	12.6	18.4	10.4
Poland	6.9	4.8	11.5	4.7	13.2	8.5
Slovakia	6.5	4.4	1.7	4.6	6.5	5.5
Slovenia	4.6	4	1.0	3.7	9.0	8.8
S.E. Europe						
Bulgaria	-6.9	3	-10.2	-9.4	579	0.9
Romania	-6.9	-7.3	-7.2	-17	152	41
Albania	-7.0	8	-5.6	10	42	7.8
FYR Macedonia	1.5	2.9	1.6	4.5	4.5	-1.0
Yugoslavia *	7.4	2.6	9.5	3.6	10.3	46
Baltics						
Estonia	11.4	4.2	9.4	3.6	12.3	6.8
Latvia	6.5	4	13.4	0.8	7.0	2.8
Lithuania	6.1	4.5	13.8	2.0	8.5	2.4
Caucasus						
Armenia	3.1	7.2	2.6	-2.3	...	...
Azerbaijan	5.8	10.0	0.9	-2.5	21.8	-1.2
Georgia	11.3	2.9	8.2	-2.7	7.3	11.0
Western CIS						
Belarus	11.4	8.3	18.8	11.0	63	182
Moldova**	1.6	-8.6	...	-11.0	11.1	18.3
Russian Fed.	0.8	-4.6	2.0	-5.2	11.0	85
Ukraine	-3.2	-1.7	-0.3	-1.5	10.1	20.0
Central Asia						
Kazakstan	1.7	-2.5	4.0	-2.1	11.3	1.9
Kyrgyzstan	9.9	1.8	50.4	4.6	14.7	18.3
Tajikistan	1.7	5.3	-2.0	8.1	160	2.7
Turkmenistan	-11.4	5.0	-32.3	0.2	21.5	19.8
Uzbekistan	5.2	4.4	4.1	5.8	27.5	...

UNECE, **Economic Survey of Europe**, 98/3

* Gross material product

** Transnistria excluded

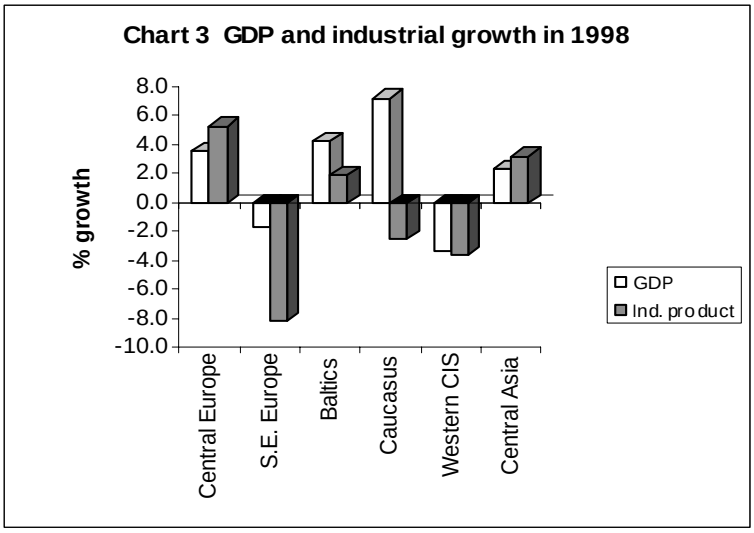


Chart 3 GDP and industrial growth in 1998
% growth
8.0
6.0
4.0
2.0
0.0
-2.0
-4.0
-6.0
-8.0
-10.0
Central Europe
S.E. Europe
Baltics
Caucasus
Western CIS
Central Asia
GDP
Ind. product

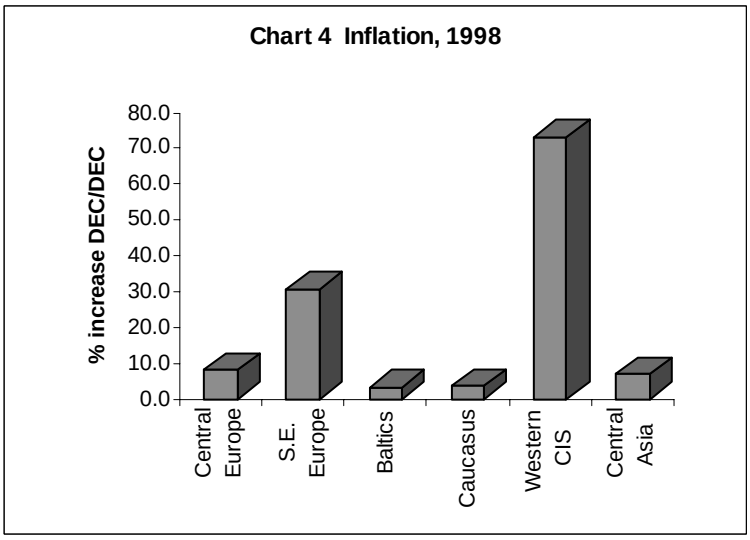
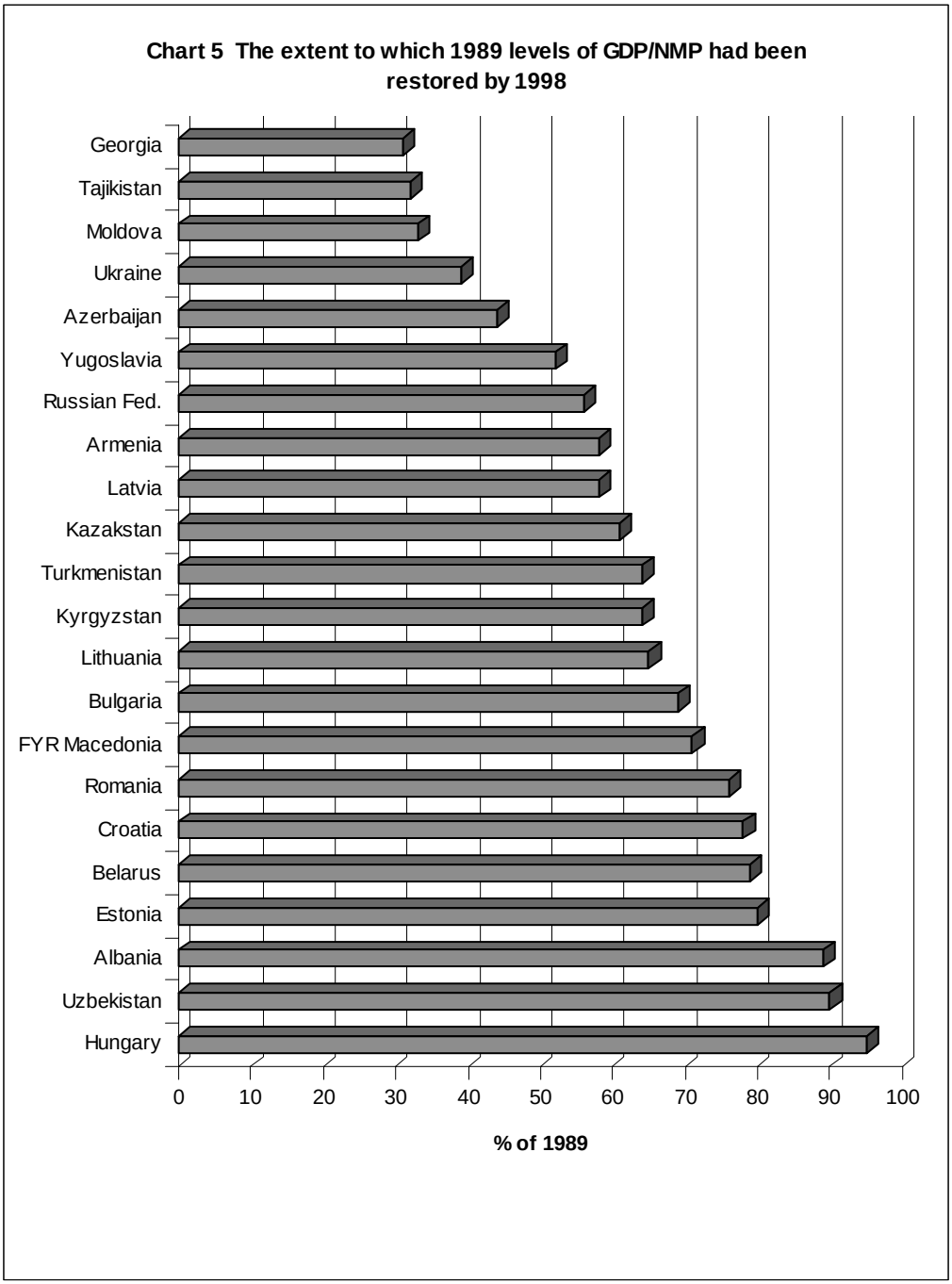


Chart 4 Inflation, 1998
% increase DEC/DEC
80.0
70.0
60.0
50.0
40.0
30.0
20.0
10.0
0.0
Central Europe
S.E. Europe
Baltics
Caucasus
Western CIS
Central Asia



But although other countries did better, progress has to be seen from the perspective of previous losses. Only two CITs (Poland and Slovenia) had by 1998 returned to their 1989 level of output (chart 5). Most of the remainder were still well below this level, some of them (Georgia, Moldova, Tajikistan, Ukraine, Azerbaijan) 50 per cent and more below. The 1989 levels themselves had not been high. In many of the CITs (the Central Asian republics or Azerbaijan, for instance) they had barely sufficed to provide the population with minimum levels of living. Considerably more remains to be done. Economic progress continues to be a necessary, if possibly not sufficient, condition of social improvement. This may be less so in some of the countries of Central and south-eastern Europe, and more so in other countries in transition, but it is still the general rule.

Approximate values of per capita GDP in the following table reflect the different relative positions of the CITs at the beginning of transition as well as the changes that have occurred since.

Table 3
Per capita GDP, $PPP*, 1996

1000-2499	2500-4999	5000-9999	10000 plus
Kyrgyzstan	Bulgaria	Hungary	Slovenia
Moldova	Kazakstan	Slovakia	Czech Republic
Uzbekistan	Macedonia	Poland	
Armenia	Ukraine	Russia	
Azerbaijan	Turkmenistan	Estonia	
Mongolia	Georgia	Romania	
Tajikistan	Albania	Croatia	
		Lithuania	
		Belarus	
		Latvia	

*Purchasing power parities that take into account the purchasing power of a country's currency rather than the official exchange rate.

◆ The Shadow Economy

The assumption in previous paragraphs that GDP is fully accounted for in the statistics is likely to be false.[8] The figures at least partly omit the unrecorded sector—known variously as the "shadow", "black", "grey" or "informal" economy and which, irrespective of its name, is probably substantial in all the CITs.[9] In the FYR Macedonia:

> It is estimated (although without much precision) that its (*the grey economy*) size represents about 30% of GDP in the (*FYR*) Republic of Macedonia. . . . The grey economy is vitally important for the pauperised population and for the people who have lost their jobs as a result of the transition (NHDR 1998, pp. 29,30).

In Ukraine:

> As a coping mechanism, during the past few years, goods and services produced in the informal economy constitute a major portion—10.1% of the GDP. That means, one fifth, or 18.9% of household expenditures were made in the informal sector (Ukraine, NHDR 1997, p. 17).

An estimate for Romania in 1997 puts the gross "value" (GDP?) of the shadow economy at 19 per cent (Romania, NHDR 1998, but see the figure below).

[8] See also the note to table 1. While an attempt was made to account for the methodological change from NMP to GDP in 1990 in countries of the former Soviet Union, the comparison at this point may be affected by the change.

[9] No standard definitions exist. Black sometimes denotes criminal activity, whereas grey, or shadow refer to activities that although otherwise legal are not registered and thus illegally evade taxation, for example. In other contexts black refers to unregistered, but not criminal, employment.

The Latvian NHDR for 1996 attempted a comparative assessment (table 4):

Table 4
Shadow economy as share of GDP, 1996

	included in GDP	not included in GDP
Poland	6	10
Czech Republic	5 - 7.5	5 - 7.5
Hungary	12	18
Russia	19.2	no data
Romania	9	no data
Bulgaria	16.8	below 10
Slovakia	10.8	3
Slovenia	9.5	7 - 11
Moldova	5.8	no data
Estonia	2	no data
Latvia	14	no data
Lithuania	14	no data

Source: Latvia, **NHDR** 1996, p. 53

In spite of these dubious and partly inconsistent statistics it may be safely concluded that the official figures of GDP (and similarly of employment) are too low. It is, however, difficult to say how the trends are affected. If the shadow economy had been gaining during transition, the official figures would exaggerate the extent of the decline and understate the pace of recovery. There is no evidence for this assumption nor, if true, is it possible to estimate the extent of the gain.[10] But the possibility of a substantial shadow economy, or the fact that during transition it increased in size, should not be discarded. Some of the changes in social conditions, as we shall see, are difficult to explain in terms of the official figures of GDP and employment.

2. SOCIOECONOMIC CHANGE

Have recent economic gains (i.e., gains in GDP where they took place) been translated into social benefits? Links between economic growth and social change are complex. At its simplest, the turmoil of the first years of independence—as production and trade declined massively, factories closed for lack of markets or ready sources of raw materials, and (in some of the countries) armed conflict exacerbated an already disastrous economic situation—left many unemployed and an even larger number of persons still nominally employed, but with derisory remuneration. Tax revenues declined to a degree that governments were unable to pay adequate social welfare benefits. Pensioners saw their incomes reduced to a pittance. Services, such as health and education, that were financed mainly from central budgets or by now defunct enterprises, declined in quantity and, even more, in quality.

To take one, although fairly extreme, example, public expenditure on health in Georgia declined from about 4 to 0.7 per cent of GDP, on education from 5 to 1.5 per cent. When account is taken of the more than threefold decline in GDP, this

[10] The drug trade alone would make a substantial contribution to both GDP and employment (see the section on crime, below).

amounts to a decline in real terms to one eighteenth in health and one tenth in education. Per capita public expenditure on health in Georgia in 1998 was $7, less than half the minimum expenditure recommended by the World Health Organization (WHO), in education $59 per student, barely enough to pay teachers' salaries.

It is difficult to recapitulate this process or its reversal in detail. The best that can be done is to provide a much simplified scenario, linking economic growth (in terms of GDP) to changes in living conditions. This is done below, through (i) employment/unemployment/underemployment, (ii) wages, and (iii) social transfers (mainly pensions).[11]

◆ Employment/Unemployment/Underemployment

Contrary perhaps to expectations, there is little association between changes in production (GDP) and changes in employment or unemployment. Employment declined after 1989 or 1990 in virtually all the CITs, but the interesting part is that the decline varied considerably both among countries and in relation to the decline in GDP. Moreover, it failed to increase where and when GDP increased.

Problems exist in respect of both definition and data quality. Labour force and, in particular, unemployment statistics, though improving, are generally of poor quality in Eastern Europe and bedevilled also by confusion between national and international definitions.[12] For what the statistics (table 5) are worth, however, they suggest that in most of the CITs (Azerbaijan, Turkmenistan and Uzbekistan being exceptions, if the figures are correct) employment steadily declined from 1989 or 1990 to 1997, and that, in spite of the favourable trend in production in 1997, it did not rise even in this year.

[11] Ignoring changes in savings, investment, foreign trade, domestic and foreign debt, and structural change through privatization or in the relative importance of the various sectors of economic activity, all of which may affect social development.

[12] Except in respect of underemployment, the following definitions are based on International Labour Organization (ILO) recommendations: employment plus unemployment equals the economically active population (the term used here is labour force, which is very close to economically active). The population of working age comprises, besides the labour force, the economically inactive population: persons not actively seeking work for gain as well as those in full-time education and the disabled. In Soviet times virtually everybody of working age (those in education and the disabled apart) was employed (although much of the employment was relatively unproductive); unemployment was virtually non-existent as a formal category. Several problems arose when production declined with transition: unable to find a job, some people left the labour force altogether (becoming economically inactive in the ILO definition by not actively seeking work, although it offered reasonable opportunities, many of them probably would have accepted remunerated employment); others continued in employment, many with only nominal pay; still others, although remaining on the books, went on permanent leave, without or with very little pay. Employment in transition is thus meaningfully divided into normal (or full) employment and underemployment, the latter comprising those involuntarily on short-term engagements, or with abnormally low rates of remuneration or unremunerated. Unemployment in transition can also be divided into two kinds: those available for and actively seeking work, and those available, but not actively seeking work (the discouraged unemployed, who may or may not be counted as economically active in official statistics). In addition, the numbers of unemployed differ sharply in practice according to whether only those officially registered are counted, or whether the figures are derived from some other source, such as labour force surveys (irrespective of the definitions used by either source).

The sustained employment in Uzbekistan (and it may be similar in other countries of Central Asia, which together with Azerbaijan experienced little decline in employment) is explained by:

> The gradual implementation of the reform; . . . bankruptcy and closure of state-owned and privatised enterprises; managers' desire to retain qualified cadres while awaiting future economic stabilization and growth; the mass dismissal of workers (Uzbekistan, NHDR 1997, p. 53).

Table 5

Total employment, 1989 to 1998 (index numbers, 1989=100)

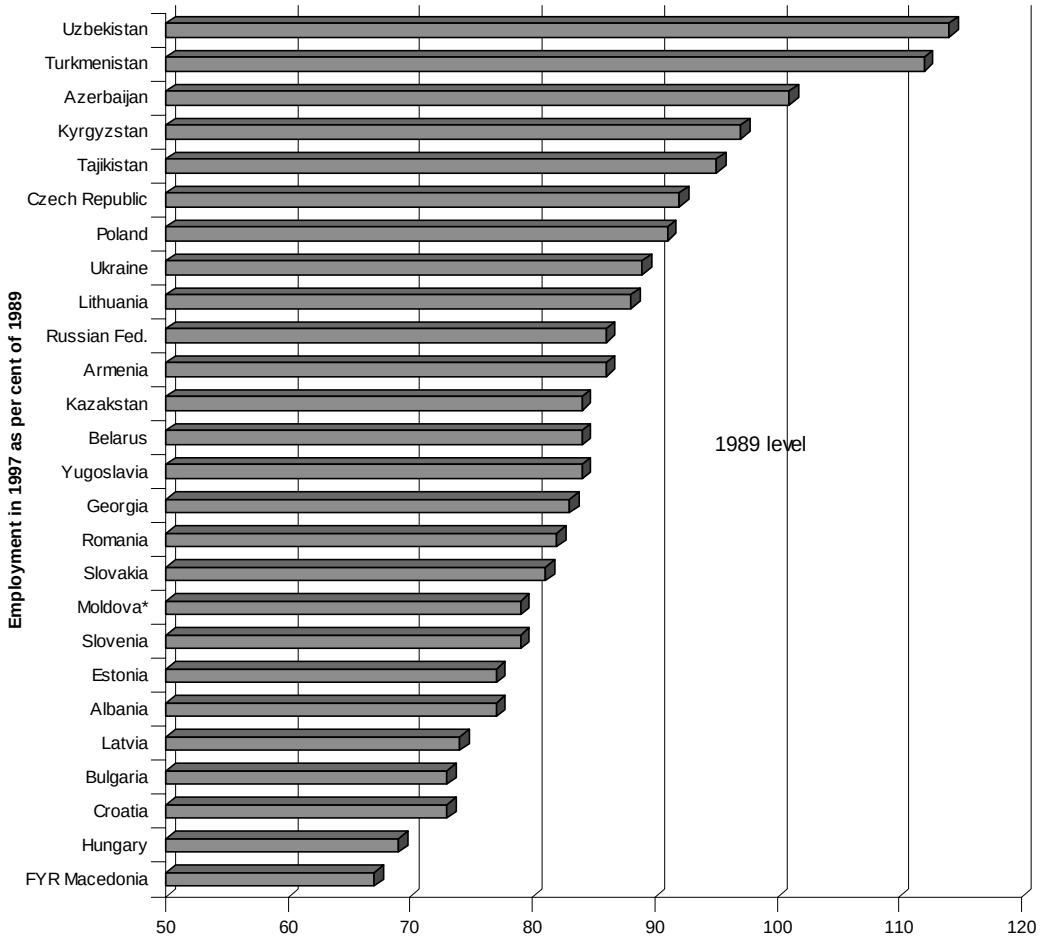
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Central Europe	**100**	**97**	**90**	**85**	**83**	**83**	**85**	**85**	**86**	...
Croatia	100	97	89	78	76	75	74	74	73	...
Czech Republic	100	99	94	91	90	90	93	93	92	...
Hungary	100	97	87	77	72	71	69	69	69	70
Poland	100	96	90	86	84	85	87	88	91	...
Slovakia	100	98	86	80	80	79	81	81	81	...
Slovenia	100	96	89	84	81	79	79	79	79	79
S.E. Europe	**100**	**98**	**95**	**90**	**86**	**86**	**83**	**83**	**80**	...
Bulgaria	100	94	82	75	74	74	75	75	73	...
Romania	100	99	99	96	92	92	87	86	82	...
Albania	100	99	98	76	73	81	79	78	77	77
FYR Macedonia	100	99	96	91	86	82	74	71	67	...
Yugoslavia	100	97	94	91	88	87	85	85	84	...
Baltics	**100**	**98**	**99**	**95**	**89**	**83**	**81**	**80**	**81**	
Estonia	100	99	96	91	85	83	78	77	77	...
Latvia	100	100	99	92	86	77	74	72	74	...
Lithuania	100	97	100	98	93	88	86	87	88	...
Caucasus	**100**	**102**	**102**	**92**	**89**	**87**	**91**	**92**	**92**	**92**
Armenia	100	102	105	99	97	94	93	90	86	85
Azerbaijan	100	101	106	101	101	99	99	101	101	101
Georgia	100	102	93	74	66	65	79	79	83	83
Western CIS	**100**	**100**	**98**	**95**	**94**	**91**	**89**	**88**	**86**	**85**
Belarus	100	99	97	94	93	90	85	84	84	85
Moldova*	100	99	99	98	81	80	80	79	79	78
Russian Fed.	100	100	98	95	94	91	88	87	86	85
Ukraine	100	100	98	96	94	91	93	91	89	88
Central Asia	**100**	**103**	**105**	**104**	**101**	**100**	**101**	**100**	**102**	**101**
Kazakstan	100	101	100	98	90	85	85	85	84	82
Kyrgyzstan	100	101	100	106	97	95	94	95	97	98
Tajikistan	100	103	105	102	99	99	99	92	95	96
Turkmenistan	100	103	105	105	110	112	112	111	112	...
Uzbekistan	100	104	109	109	109	110	111	112	114	115

Source: UNECE, **Economic Survey of Europe**, 99/1+A65

* Figures without Transnistria since 1993.

Chart 6 shows the very large gap that still remains if countries wish to revert to the employment level of 1989.

Chart 6 The extent to which levels of employment in 1989 had been restored by 1997



The pre-transition period was notable in many CITs for an excess of labour, maintained more for the sake of welfare than productivity. The continued drop in employment may thus indicate the gradual shedding of non-essential workers[13] (especially as the share of employment in the private sector—not prone to charity—grew from an average in the region of 10 per cent in 1990 to about 60 per cent in 1996 [14]), and thus more productive use of the labour that remained. The Russian NHDR 1997, however, draws attention to the fact that even if employment declined in Russia, it did so much more slowly than GDP,[15] possibly as part of a deliberate policy to avoid social conflict:

[13] The NHDR 1997 for Tajikistan, however, regrets the loss of certain kinds of skilled labour through emigration, a condition typical of many of the Central Asian republics.
[14] In eight countries with available data, including Russia.
[15] Between 1989 and 1997, employment in Russia declined by 15 per cent, GDP by 41 per cent. Comparison of tables 1 and 5 gives similar results for other countries. The difference

> The Government has not resorted to a rigid strategy for economic recovery, for this would imply the shut down of inefficient enterprises and, naturally, large-scale redundancy of employees. Preference was given to the support of a large number of inefficient job places, which allowed to avoid serious social conflicts and tensions (p. 49).

Comparison of the figures in tables 1 and 5 indeed suggests that in the countries of the former USSR employment fell much less than GDP (see chart 8, for Russia, as an example). The discrepancy between employment and GDP is less in the Central and south-eastern European states. Whereas GDP in Poland rose by 12 per cent between 1989 and 1997 employment *fell* by 9 per cent. In Hungary, employment has remained stable in recent years although GDP has risen (chart 7).

Chart 7 Hungary: Changes in employment compared with changes in GDP, 1989 to 1998

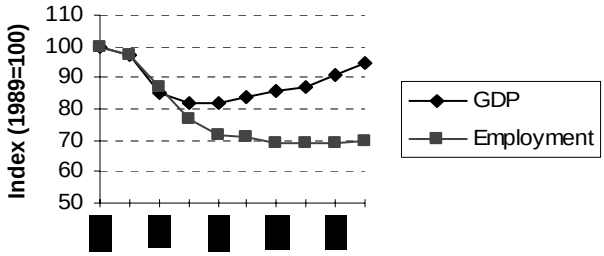
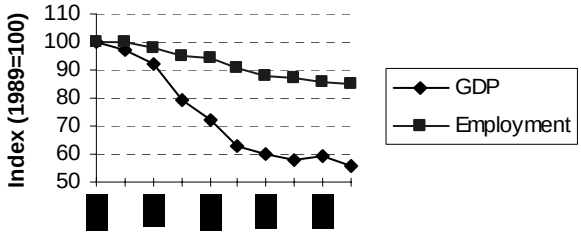


Chart 8 Russia: Changes in employment compared with changes in GDP, 1989 to 1998



Differences between the sub-regions, and especially Central Europe's unique position, in respect of the GDP/employment gap are illustrated vividly in chart 9.

Maintaining employment at an artificially high level implies a high degree of underemployment, sometimes referred to in the CITs as disguised unemployment. Although not usually included in the unemployment statistics it has assumed serious proportions in CITs.

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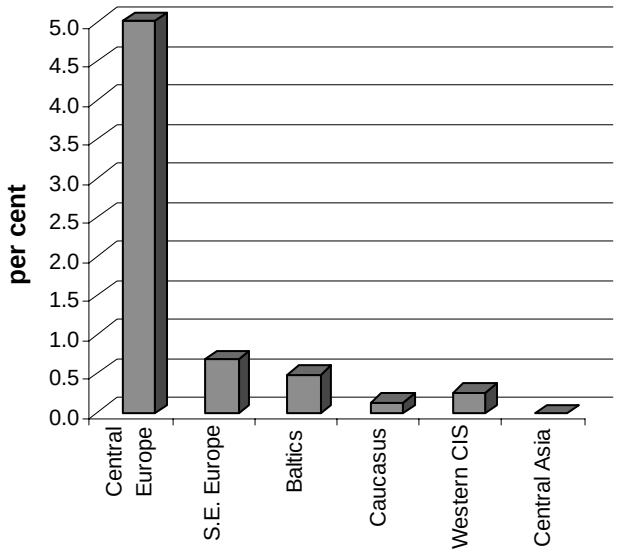
is significant in the context of these countries. In general, there is no reason why employment and GDP should, like Siamese twins, always move together.

> However, the data on employment and unemployment are inadequate for viewing the real prospects that people have for participating in the economic life of the country. According to the incomplete official statistics, of the employed population more than 300 thousand are on paid leave, i.e., on so-called 'compulsory vacation'. Based on different estimates, the number of employees on paid leave of absence was in certain periods between 1.5 and 2.5 times greater. The institution of 'paid leave' is only the 'tip of the iceberg'. During the last few years, underemployment is one of the main characteristics of the Yugoslav economy (Yugoslavia, NHDR 1996, p. 34).

Underemployment takes very different forms in different regions of the world.[16] In Eastern Europe during transition, it has included three categories of people: (i) those involuntarily working part-time (wanting full-time employment); (ii) those nominally employed full-time but on very low wages; and (iii) those employed but on involuntary leave of absence and usually unpaid. In Russia in 1996, for example, 4.4 per cent of employees in the labour force were in part-time work, 2.5 per cent on "unplanned" (forced) holidays; a further 4.1 per cent received a nominal monthly wage of only 150,000 roubles[17] (Russia, NHDR 1997, p. 52). This makes a total of 11 per cent of the labour force, or over 7 million persons, in addition to the almost 10 per cent in open unemployment.[18]

Chart 9 Per cent decline in employment for every one per cent decline in GDP, 1989 to 1996



[16] In Western society underemployment typically takes the form of involuntary part-time work; in some parts of Africa, peasants with smallholdings and few cattle are underemployed in the sense that much of the year they have less to do than they could manage, and correspondingly low incomes. Conditions in Eastern Europe are quite different in this as in other respects.

[17] Approximately $25, or one third of the official minimum wage.

[18] The figures would be larger still if *self-employed* persons who are in any sense underemployed (short working hours, low income) are added. On the other hand, employment in the unrecorded sector (those not included in official statistics) should be deducted, if it were possible to do so.

For reasons of inconsistent definitions and faulty data sources, unemployment figures are even less reliable as a source of information on the labour market than are employment data. Figures of the officially registered unemployed, in the CIS especially, are stark underestimates of total unemployment in conditions where it is not worth a person's time to register, since registration normally provides neither significant benefits nor a job.[19] The figures in table 6 that are based on surveys suggest that, with very few exceptions, real unemployment in the CIS and the Baltic states was typically over 10 per cent more than registered unemployment. The situation is different in some of the Central European countries and ex-Yugoslavia, where the number of registered unemployed exceed those found in surveys. The explanation in Poland, and it may be similar elsewhere in Central Europe, is said to lie in the benefits that the unemployed gain from registration—benefits that they wish to keep even if subsequently they find a job in the shadow economy (Poland, NHDR 1997, p. 97ff).

The improvements in GDP in 1997 and 1998 appear to have had no consistent impact on unemployment any more than on employment. Although most countries recorded a rise of GDP in 1997 and 1998 there is no consistent, matching decline in unemployment. About half the countries with positive GDP growth in 1997 recorded a fall in unemployment that year, the remainder recorded a rise.

The misery implied in these figures of falling employment, high unemployment and underemployment is probably mitigated in all the CITs by the impact of the shadow economy mentioned earlier. To quote the Bulgarian NHDR 1998:

> An informal economy however is better than no economy. This is especially valid in terms of unemployment . . . A study conducted by the Institute for Market Economies in 1996 reveals that almost one third of the active labour force in the country is employed through the 'black' (entirely hidden) or 'shadow' (partly hidden) economy . . . Every tenth legally employed person receives from the employer additional remuneration that both sides conceal (p. 47).

The Croatian NHDR for 1997 reports about 15 per cent employment in the shadow economy. In general, however, the level of employment in the shadow economy is unknown. It is likely that most households in the CITs have one or more members with some form of employment, otherwise they could not exist. But it is likely, also, that such employment is largely casual and often badly paid. Livelihood is precarious at best.

[19] ". . . . very few people who lose their jobs register at employment centres. Unemployment benefits are very low and barely cover the cost of transportation. Hence official unemployment statistics are unrealistically low" (Azerbaijan, NHDR 1997, p. 18).

Table 6

Alternative unemployment rates, 1995 to 1998

(% of economically active)

	Registered unemployed				Survey or estd.
	end year (%)			change (%)	data
	1996	1997	1998	1998 over 1997	1996/97/98
Central Europe					
Croatia	15.9	17.6	18.6	1.0	...
Czech Republic	3.5	5.2	7.5	2.3	5.7
Hungary	10.5	10.4	9.1	-1.3	8.6
Poland	13.2	10.5	10.4	-0.1	11.5
Slovakia	12.8	12.5	15.6	3.1	11.6
Slovenia	14.4	14.8	14.6	-0.2	7
S.E. Europe					
Bulgaria	12.5	13.7	12.2	-1.5	15.7
Romania	6.6	8.8	10.3	1.5	...
Albania	12.1	14.9	17.6	2.7	...
FYR Macedonia	40.0	43.0	...	…	31.9
Yugoslavia	26.1	25.6	27.2	1.6	17.7
Baltics					
Estonia	5.6	4.6	5.1	0.5	10.5
Latvia	7.2	6.7	9.2	2.5	14.4
Lithuania	6.2	6.7	6.9	0.2	14.1
Caucasus					
Armenia	9.7	11.0	8.9	-2.1	26
Azerbaijan	1.1	1.3	8.9	7.6	20-26
Georgia	3.2	2.6	2.3	-0.3	15**
Western CIS					
Belarus	4.0	2.8	1.4	-1.4	14
Moldova	1.5	1.7	1.9	0.2	18-20
Russian Fed.	9.3	9.0	12.4	3.4	9.5
Ukraine	1.5	2.8	4.3	1.5	10.7
Central Asia					
Kazakstan	4.1	3.9	3.7	-0.2	10-11
Kyrgyzstan	4.5	3.1	3.1	0.0	11
Tajikistan	2.4	2.8	2.9	0.1	14
Turkmenistan	...	...	...	...	28
Uzbekistan	0.3	0.3	0.4	0.1	12-14

Sources: Registration data: UNECE, **Economic Survey of Europe**, 98/1; survey etc. data from UNDP, NHDRs, various dates.

* Data from surveys or estimates.

**1998

Table 7

Growth in real wages, 1996 to 1998

	Real wages		
	% growth over previous year		
	1996	1997	1998
Central Europe			
Croatia	10.9	6.5	14.4
Czech Republic	12.2	6.9	5.1
Hungary	-0.7	0.6	4.4
Poland	11.3	7.0	7.2
Slovakia	10.3	4.5	5.2
Slovenia	6.8	5.5	4.6
S.E. Europe			
Bulgaria	-10.0	9.4	-2.9
Romania	5.7	-20.1	16.1
FYR Macedonia	3.7	-1.8	...
Yugoslavia	2.4	1.2	8.6
Baltics			
Estonia	9.1	10.0	11.4
Latvia	5.7	13.8	15.7
Lithuania	10.6	16.8	17.6
Caucasus			
Armenia	8.8	-0.3	27.1
Azerbaijan	-14.8	27.9	46.4
Western CIS			
Belarus	18.3	-1.0	20.0
Moldova	2.2	-4.8	14.3
Russian Fed.	-1.1	4.2	5.9
Ukraine	22.5	1.2	-4.9
Central Asia			
Kazakstan	8.8	8.6	12.0
Kyrgyzstan	-12.2	...	14.3
Tajikistan	-19.1	-14.9	39.7
Turkmenistan	...	-12.8	113
Uzbekistan	-10.7	10.0	7.1

Source: UNECE, **Economic Survey of Europe**, 99/1

Nominal wages deflated by producer price index.

Jan-Sep 1998 over the corresponding period in 1997 except in Poland, Romania, Slovakia, Lithuania, Belarus, Kyrgystan and the Russian Federation.

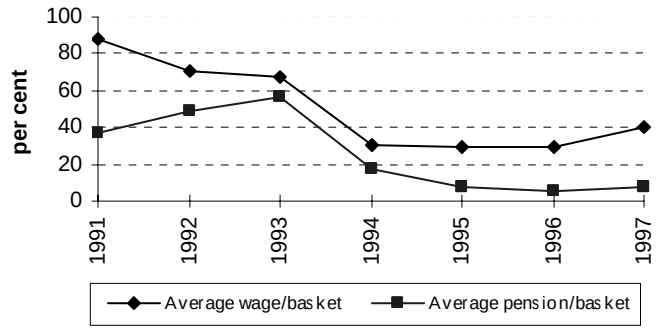
◆ Wages

The effects of reduced employment were exacerbated in the early years of transition by declining wages. Real wages (wages discounted for inflation) fell dramatically at first after 1989, but whereas employment has continued to decline in most of the CITs without interruption, this was not the case for wages (table 7). In the Central European and Baltic countries they reached a low in 1993 or 1994 and have since begun to rise. The position is less definite elsewhere, but

stabilization or slight, and sometimes larger, rises seem to be under way in most of the CITs since 1995 or 1996. In this respect, 1998 was a favourable year. Only in Bulgaria did real wages decline.

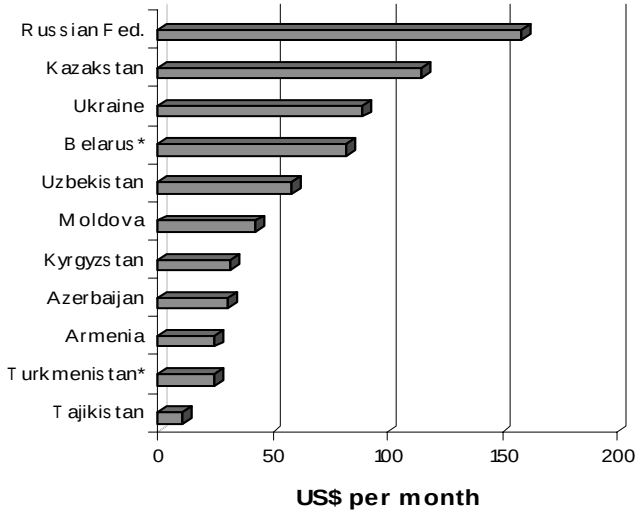
Azerbaijan is an example of a country where, following an initial decline, wages stabilized between 1994 and 1997, albeit at a low level. They have since begun to rise (chart 10).

Chart 10 Azerbaijan: Average wage and pension as per cent of value of consumer basket, 1991 to 1997



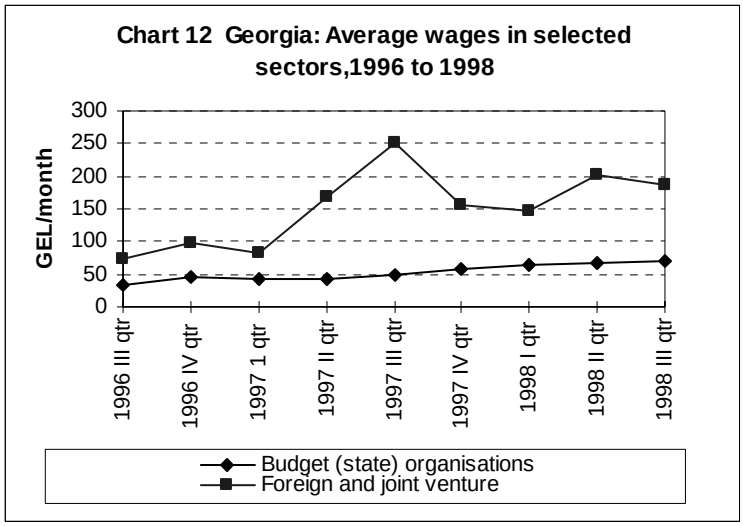
It is thus likely that, insofar as the increase in production in 1997 and 1998 was passed on to consumers, it was through higher wages rather than increased employment. In spite of recent increases, however, wages in absolute terms are low. As shown in the Kazakstan NHDR 1997, moreover, they vary dramatically among the countries of the CIS, from $154 per month in Russia to $11 per month in Tajikistan (chart 11).

Chart 11 Average monthly wages in countries of the CIS, 1997



Wages also vary among sectors within countries. Thus in Georgia, not only did foreign and joint venture companies benefit from much higher wages than, for

example, those paid through the central budget in 1996, but the gap has widened greatly during the last two years (chart 12). Wages paid to women in Georgia are also on average considerably lower than those paid to men (table 42, below).



There is another, crucial factor. The statistics presumably cover wages actually paid or scheduled to be paid. They make no mention of wage arrears, a prominent feature in some countries of the CIS. Arrears of wages (as well as social benefits) greatly diminish the welfare effect of whatever wage increase takes place.[20]

Thus, in the Russian Federation:

> In 1996, delays in wages and salaries turned into one of the most relevant factors of the social and political situation in the country. The amount of indebtedness doubled over the period of a year and had reached 47.2 trillion roubles (about $8 bill.) by late 1996 (Russian Federation, NHDR 1997, p. 44).

Six hundred thousand persons participated in strikes over wage delays in Russia in 1996, including the hard-hit miners. The NHDR for Tajikistan, where the average monthly wage in 1996 was 2508 Tajik roubles (TR) (or $9.6), speaks of coping strategies forced on workers by the combination of low wages and wage arrears:

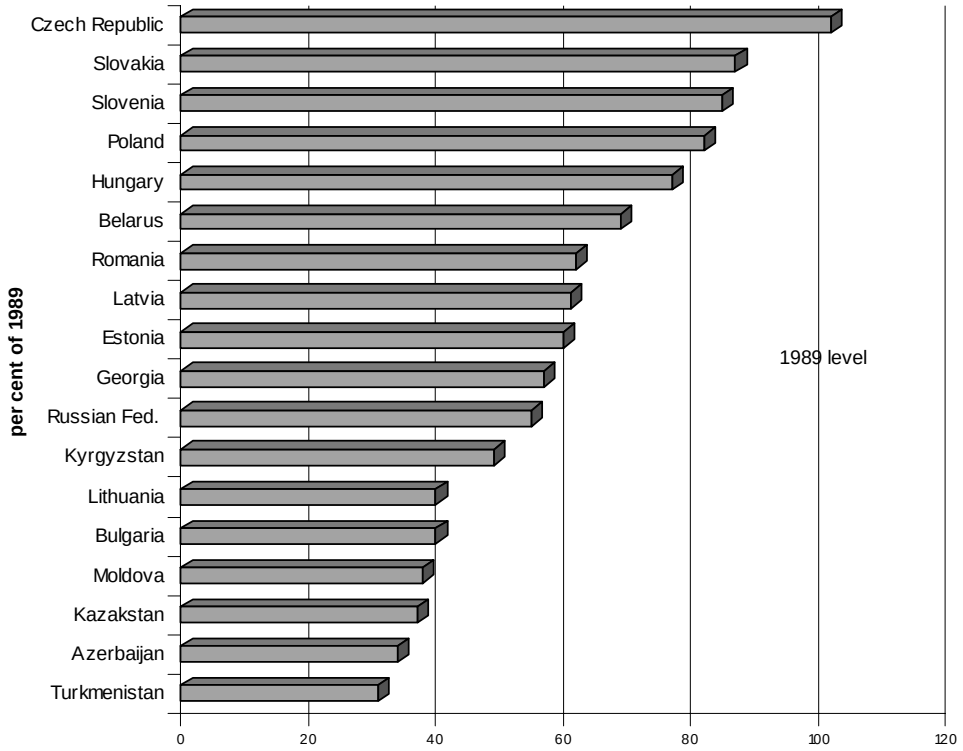
> Despite the minimal growth in salaries (*in 1996*), the government is still in huge arrears over the payment of salaries. In 1996 the arrears stood at 25% of the salary fund. By the end of 1996, overdue salaries totalled 3883.9 TR million (*300 TR=US$ 1 approx.*). The delays with salary payments created social tensions and laid bare the fragility of the current economic system. People have had to turn to other sources of income, sometimes 'moonlighting'. Some highly qualified workers (doctors, scientists, technicians) have found no alternative but to combine their regular state jobs with low skilled jobs as janitorial staff, house-help, or drivers for international organisations . . . Others have turned to private ventures, running small retail shops, drinking bars and restaurants . . . (Tajikistan, NHDR 1997, p. 99).

[20] It is not clear from the figures whether or not wage arrears are included in "real" wages; presumably they are not.

Even the Czech Republic, with otherwise excellent labour policies, reports arrears in the public sector (albeit modest ones) (Czech Republic, NHDR 1997, p. 72).

And even if real wages have increased in recent years and are paid on time, chart 13 suggests that in the great majority of countries, including Poland, they still lag far behind their 1989 level.

Chart 13 The extent to which 1989 wage levels had been restored by 1997



The figures for Moldova (about average in the CIS in chart 13), moreover, show the low current (1996) value of wages in terms of purchasing power of selected goods (table 8). Thus an average monthly wage could purchase either 109 loaves of wheat bread *or* 18 kg of pork *or* 46 kg of rice *or* 124 kg of potatoes. Alternatively, a person would have to work for 1.15 months to purchase a winter coat, almost half a month for shoes, 7 months for a TV set, twelve *years* for a car. The Moldovan average wage covers about half the minimum consumption budget. The NHDR for Moldova mentions wryly that the purchasing power of an average wage in Moldova was about the same as it had been 30 years earlier, in 1967. Moreover, social protection in those days "covered expenditure on education, health care, low-priced sanatorium treatment, holiday vouchers and a substantial proportion of housing expenses, among others" (p. 41).

Azerbaijan and Moldova are in this respect fairly representative of the CIS. Wages 30 to 50 per cent below the 1989 level are fairly typical. Only the Czech Republic

(among countries with data) has so far regained its 1989 level (as well as having a relatively high rate of employment and a remarkably low level of unemployment).

Table 8
Moldova: Purchasing power of an average monthly wage in 1996 (selected items)

Any **one** of the following (in kg)	
Wheat bread	109
Rice	46
Beef	24
Pork	18
Sausages	11
Milk	121
Butter	13
Sugar	61
Tomaoes	51
Potatoes	124
Grapes	82

No. of months earnings to purchase **one** of the following	
Winter coat	1.15
Shoes	0.4
Children's bed	1.8
TV set	6.7
Gas stove	3.1
PC	40
Car	138
Two-room flat	427

Source: Moldova, **NHDR** 1997, p. 42

◆ Pensions

Pensions and other social benefits that, together with wages, were a major component of household income before transition have also declined since 1989. According to the Romanian NHDR 1997:

> The level of protection offered by the social security system has been reduced as a result of long term high inflation and the serious tightening of social security budgets. The large growth in the number of beneficiaries . . . has also contributed to decreased levels of protection. This has resulted in substantial falls in living standards for beneficiaries of social services. Pensions in Romania fell between 1989 and 1997 by 45 per cent (p. 42).

In Croatia:

> A sudden increase in the number of pensioners occurred in recent years, mostly due to early retirement. In this way companies and institutions shed part of their surplus labour. The ratio of people in work to pensioners is now 1.7:1 which is a highly unfavourable ratio . . . In 1993 a crisis arose in the pension funds: a large difference appeared between the legal liabilities to pensioners and the amount of money available to the pension funds. In response, the Government issued an order which practically suspended the legal requirement to adjust pensions according to salaries. As a result, the average pension as a proportion of the average salary fell from 64% in January 1992 to 49% in December 1996 (Croatia, NHDR 1997, p. 41).

In this and other ways, pensions, like wages, declined rapidly after 1989. In the absence of comparative figures for the region, Azerbaijan (chart 10 above) and Moldova (below) serve as further examples:

Table 9
Moldova: Declining value of pensions, 1991 to 1996
(In real terms, 1990=100)

1991	219
1992	90
1993	64
1994	40
1995	28
1996	28

Source: Moldova, **NHDR** 1997

Although in Moldova the decline may have come to a halt in 1995, the NHDR comments:

> To be highlighted is that although in the past pensioners had a lower standard of living than employed people, today they have become outcasts, even real beggars (Moldova, NHDR 1997, p. 53ff).

And in Armenia:

> About 607,000 pensioners are the largest group; covered by the strategy of a targeted social policy. The ratio of pensioners to employees is approximately 1 to 2. . . . Monthly pensions in Armenia as of January 1997 averaged about $6. The highest, paid to families without an earner, was $8 (Armenia, NHDR 1997, p. 51ff).

3. SOCIAL CONDITIONS

The conclusion of the first two sections is that economic conditions deteriorated in all the CITs during the first few years of transition, much more so in the former CIS than in Central Europe. There is evidence that conditions began to stabilize and improve, again earlier in Central and some south-eastern European countries than elsewhere, and that (in particular) 1997 and (in part) 1998 were favourable years for the majority of countries in transition. Again, stability has been greater in

some than others. The Czech Republic, the Russian Federation, Bulgaria, Romania and Turkmenistan were plagued during 1997 and 1998 by financial or trade upheavals, evidence that by no means all structural problems have been solved or that, once begun, recovery is irreversible. In general, 1998 was less favourable than had been hoped a year earlier.

The trends observed in respect of GDP and industrial output were confirmed—but with significant variations—in respect of socioeconomic factors such as employment, wages, pensions and consumption. Employment declined along with GDP, and continued to decline when GDP began to rise, but at very different rates depending on the country. In relation to the decline in GDP, countries of the former USSR experienced much smaller falls in employment than the rest, but at a cost of relatively unproductive and underpaid work, resulting in underemployment rather than employment. Wages behaved differently from employment. The sharp drop in wages and pensions bottomed out not later than 1996. 1997 saw a rise in average wages (but not in employment) in the majority of countries, but without reverting to the levels of 1989.

Figures of consumption and retail sales suggest an upward trend in the majority of the CITs in very recent years, more rapidly than the upward rise in GDP would warrant. Higher retail sales in particular could be the result in part of a rise in unrecorded economic (shadow) activities, which would enter the calculation of retail sales but not necessarily GDP. The addition that the shadow sector made to the economy—an estimated 20 to 30 per cent of total product in some countries—would indeed help to explain the apparent inconsistency between growth in GDP and retail sales, as well as other inconsistencies.

Thus, although a very large number of people exist in abject poverty on such low wages or pensions that, unable to obtain proper food, medical care, fuel, clothing and other necessities, they should be ill, if not dying, evidence presented in the sections that follow suggests that this is not the case to the expected degree. Morbidity and mortality have indeed increased, but not to an extent that would be consistent with the depth of poverty suggested by the data. Adult mortality (especially among men) increased in many of the ex-Soviet republics after 1989 but, for no obvious reason to do with the recorded economy (which continued to decline), the trend was reversed and mortality lessened after 1995. There is no evident explanation—except possibly that the statistics are wrong in the sense that they omit much of the shadow economy, and that economic conditions have been less bad than the official data suggest.

Social conditions considered in this section include the usual living conditions (income, health, education, housing) as well as demographic trends. But there is clearly more to social change in transition in Eastern Europe and the CIS than is embraced by material and demographic factors. The material losses surely should be set against gains in freedom and security from political oppression. The problem is that transition, political as well as economic, is still in mid-stream, and it is difficult to gauge the progress made in respect of non-material assets or the impact of the new era on conventional values and traditions. The new republics are still busy disentangling their ancient past from the values and culture imposed on them by the Soviets. It would thus be too simplistic to conclude, as some scholars in the CIS have done, that traditional (or Soviet) values have been submerged by the economic collapse and are being replaced by Western consumerism, Mickey Mouse and McDonald's fast food.

An attempt has been made here to deal with some of the non-material issues, especially in the sections on culture and security. In the box below polito-societal changes in Georgia, as an example, are briefly discussed and a balance struck.[21] Attention is drawn to the fact that Georgia has in a mere eight years succeeded in constructing the semblance of a democracy. Given this short span of time, the fact that some of the structure is still hollow should come as no surprise.

Box 1
Sociopolitical realities in Georgia

- Georgia adopted in 1995 a constitution based on human rights, democratic governance and a market economy. All major international treaties concerning human rights have been ratified, and the death penalty abolished.
- Democratic, elected legislative government has been introduced into all levels of administration, from the rural communities to central level. Free, democratic elections have been held, including those of the president and parliament in 1995, with local elections following in 1998.
- A multi-party democratic system is in operation, with no fewer than 102 parties and political organizations registered on the eve of the forthcoming parliamentary elections. The opposition has the right to propagate its ideas, at least in a formal sense.
- A comprehensive legal system has been developed in large part; further reform is under way.
- Free speech and expression of ideas are guaranteed.
- Georgia is a member of all major international organizations, beginning with the United Nations. It was most recently adopted, in April 1999, as a member of the Council of Europe.
- Armed warfare, which plagued the country until 1993, has ceased. Public safety is now paramount as much as, or more so, than in most Western democracies. The citizen can walk the streets in relative peace.

Brought about in the relatively short period of eight years, these reforms are a formidable achievement. Imperfections necessarily remain, and unfortunately they are of the kind and magnitude that could seriously impede further progress:

- Governance is more centralized than ever in the past. Regional administration is largely absent. Local governments tend to be controlled by local strongmen. The population in general has little influence on its possibility to contribute to solving political, economic and social problems, a situation that the recent local elections have done little to change.
- Ruling and opposition parties lack definite ideas and are mainly organized around persons rather than concepts: at the central level around the person of the president. The country has no government in the true meaning of this word, nor long-term objectives. The decision-making process is often conditioned by considerations of a temporary, *ad hoc* nature.
- Administrative posts at all levels are still mainly filled by former Soviet functionaries or people of this mould. Communist party or Comsomol experience was, until recently, a prerequisite in filling important posts. Administrators usually feel no responsibility toward people they deal with, and have no ideas of democratic governance or basic human rights. They are adapting to new realities with difficulty.
- Corruption is widespread. Bribes or kinship relationships are the necessary prerequisite for any kind of business with the administration. Although this fact is formally admitted and corruption fought, no results are visible so far.
- Public attitudes toward government and participation in decisions regarding individuals' well-being have not changed since the Soviet period. People still prefer to delegate their personal rights to executive bodies, and are willing to wait for these to attend to their needs. There is no community-level action or recognition of the occasional need for individuals to co-operate.
- Following two attempts on the life of President Shevardnadze (in 1995 and 1998) and an attempted coup d'état in 1998, stability is preserved (especially in the capital) by a large police force whose number now exceeds by many times that deployed during the worst years of Soviet rule. No one is totally immune from mistreatment by the police.

[21] The text in the box is based on a draft report by Valery Melikidze of the State University of Tbilisi.

◆ The Relevance and Quality of Social Data

To analyse material social conditions, policy makers would ideally like to know how many people have how much income; how many are ill, hungry, cold, badly housed, deprived of education or threatened by criminal activity. They would like to know who they are (children, the elderly, farmers, pensioners, the unemployed) and how the situation of each significant group is changing or failing to change for the better.

Measurement of levels of living in this sense requires data which are mainly unavailable of the countries considered in this paper. Of the large selection of social data presented in statistical yearbooks at both national and international levels, few are relevant to the measurement of changes in living conditions where this requires responses to the kind of apparently simple questions asked in the preceding paragraph. Difficulties are multiplied if comparison is required not only over time (and up to a recent date), but also among countries.[22]

Not that there is a scarcity of social statistics in the countries concerning us here. The trouble is that few of them meet two essential criteria, namely relevance and quality. In the health sector, for example, morbidity data commonly available from public institutions fail to provide information on the (probably increasing) numbers of those who no longer attend such institutions. Only the dead are recorded, and we are left to draw implications for the living from statistics of mortality. And even the measurement of mortality has its problems, as witness the large, random fluctuations in the figures of maternal mortality, or the inadequate recording since 1989 of infant deaths.

Education statistics are similarly problematical. The usual indicators centre on enrolment, but since this records no more than the registration of children at the beginning of the year, it does scant justice to the real problems faced in education (especially in the CIS): children leaving before the end of the school year; defective maintenance of buildings; lack of qualified teachers in crucial subjects; absenteeism; lack of teaching aids, including the basics such as books, paper and pencils; absence of school meals; and the intangible, but nonetheless crucial, element in teaching—the nature and content of what is taught, and the manner in which it is taught. Much the same applies to data on virtually every social sector: irrelevance of much of what exists, absence of relevant data, poor quality.

The most serious data gap at present in the region is in household statistics. Employment, wage and pension data are available as separate categories. They are useful in showing change and its magnitude, but nowhere are the figures brought together and shown in relation to needs. The bulk of the poor in the CIS are not found among the elderly or the unemployed, but in households that depend on a single, inadequate wage. It is essential to know how many earners there are in a family, how much they earn, whether this is enough to support non-earning dependants, and which are the households with deficits, in terms of identifiable socioeconomic characteristics.

[22] Economic statistics are usually more timely but, as those who compile them know only too well, they are not necessarily more relevant or accurate. The presence of a shadow economy (grey, black), largely unrecorded, throws doubt on the accuracy of the GDP and employment figures. The size of this unrecorded economy is unknown by definition, but in some countries is estimated to account for as much as 30 per cent of the GDP.

This section attempts, nonetheless, using what scant data are available, to measure present social conditions and to assess whether these have changed in line with economic and socioeconomic trends. Following a brief digression into demography, the components covered are of three kinds, more or less corresponding to the stated and implicit social objectives of transition: material conditions (including household income and poverty, nutrition, health, housing); education and culture; and security (from crime as well as political persecution).

◆ Demographic Trends

Social change must take into account demographic trends. The pattern is complex and for the purposes of this paper only a few principal changes are noted: a considerable decline in fertility (and in the absolute number of births); an increasing share of total births by unmarried mothers and by those under 20 years of age; and a decline in total population or, in some countries at least, a slowing in the rate of growth. Dependency ratios, which assess the burden of the very young and the elderly on the population of working age, continued to change during the period of transition (1989 to 1998, table 13). Overall dependency is little affected, but it now contains a greater proportion of the elderly and fewer of the young. Changes in mortality, finally, are discussed in the section on health, below.

The decline in fertility is the single most crucial factor in the demographic scene of the transition (table 10). The decline did not begin during transition, but it greatly accelerated at this time to attain levels that, by 1997, were in most countries (except in Central Asia and Azerbaijan) dramatically below replacement.[23] This is the result, for the most part, of a deliberate decision by many couples to postpone child-bearing and child-raising to a more propitious time. A sharp fall in the number of marriages is part of the same pattern.

Sharply reduced income is probably the main reason for the decline, but there may be others, among them the reduction in the provision of public preschool childcare (see section on Education and Culture, and table 36), or its higher cost where such care was provided privately. Another possible factor is the fall in family size in Western Europe in earlier decades, which set an example that some of the countries in Eastern Europe may well have emulated irrespective of the changes brought by transition.

No country has been exempt from the decline. As noted, however, there is still considerable diversity. The Central Asian republics and Azerbaijan maintain fertility rates near or above replacement, whereas countries like Bulgaria, Latvia or the Czech Republic barely exceed one child per woman.[24]

[23] The replacement level is about 2.1 children per woman.

[24] The UNECE's **Economic Survey of Europe**, 99/1 contains an excellent analysis of the decline of fertility and its causes.

Of concern is the fact that a gradually rising share of births occurs to unmarried mothers and, in the countries of the CIS, to mothers under 20 years of age (table 11). Unmarried women with children are now a recognized feature of Western society. In most of Eastern Europe and the CIS, however, this is a relatively new phenomenon entailing unknown consequences. Some of the young and unmarried mothers may be in a less favourable condition—economic or otherwise—than older or married women, to provide for their children. Fathers, of course, are equally responsible, but there is little information on the extent to which they share the burden.

Table 10
Total fertility rate (births per woman), 1989 to 1997

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe									
Croatia	1.63	1.63	1.53	1.48	1.52	1.47	1.58	1.67	1.69
Czech Republic	1.87	1.89	1.86	1.72	1.67	1.44	1.28	1.19	1.17
Hungary	1.78	1.84	1.86	1.77	1.69	1.64	1.57	1.46	1.38
Poland	2.05	2.04	2.05	1.93	1.85	1.80	1.61	1.60	1.5
Slovakia	2.08	2.09	2.05	1.98	1.92	1.66	1.52	1.47	1.43
Slovenia	1.52	1.46	1.42	1.34	1.34	1.32	1.29	1.28	1.25
S.E. Europe									
Bulgaria	1.90	1.81	1.65	1.54	1.45	1.37	1.23	1.24	1.09
Romania	2.20	1.84	1.57	1.52	1.44	1.41	1.34	1.30	1.32
Albania	2.96	3.30	...	...	...	...	...	...	...
FYR Macedonia	2.09	2.06	2.30	2.18	2.16	2.08	1.97	1.90	...
Yugoslavia	2.06	2.08	2.08	1.91	1.91	1.85	1.88	1.83	1.74
Baltics									
Estonia	2.21	2.05	1.79	1.69	1.45	1.37	1.32	1.30	1.24
Latvia	2.05	2.02	1.86	1.73	1.51	1.39	1.25	1.16	1.11
Lithuania	1.98	2.00	1.97	1.89	1.67	1.54	1.49	1.42	1.39
Caucasus									
Armenia	2.61	2.62	2.58	2.35	1.97	1.70	1.63	1.60	1.45
Azerbaijan	2.79	2.77	2.89	2.74	2.70	2.52	2.29	2.06	2.07
Georgia	2.13	2.20	2.15	1.79	...	...	...	...	...
Western CIS									
Belarus	2.03	1.91	1.80	1.75	1.61	1.51	1.39	1.31	1.23
Moldova	2.46	2.39	2.26	2.21	2.10	1.95	1.76	1.67	...
Russian Fed.	2.01	1.89	1.73	1.55	1.39	1.40	1.34	1.28	1.23
Ukraine	1.9	1.9	1.7	1.7	1.6	1.5	1.4	1.3	1.3
Central Asia									
Kazakstan	2.88	2.72	2.63	2.49	2.34	2.25	2.15	2.07	2.00
Kyrgyzstan	3.81	3.69	3.67	3.62	3.30	3.14	3.31	2.99	2.79
Tajikistan	5.08	5.05	5.01	4.13	4.25	3.66	3.77	...	3.63
Turkmenistan	4.27	4.17	4.09	4.14	4.03	3.88	3.40	3.20	2.88
Uzbekistan	4.02	4.07	4.17	4.00	3.81	3.55	3.59	3.39	3.17

Source: UNICEF, MONEE

Table 11
Births to mothers under 20 years and to unmarried mothers, 1989 and 1997

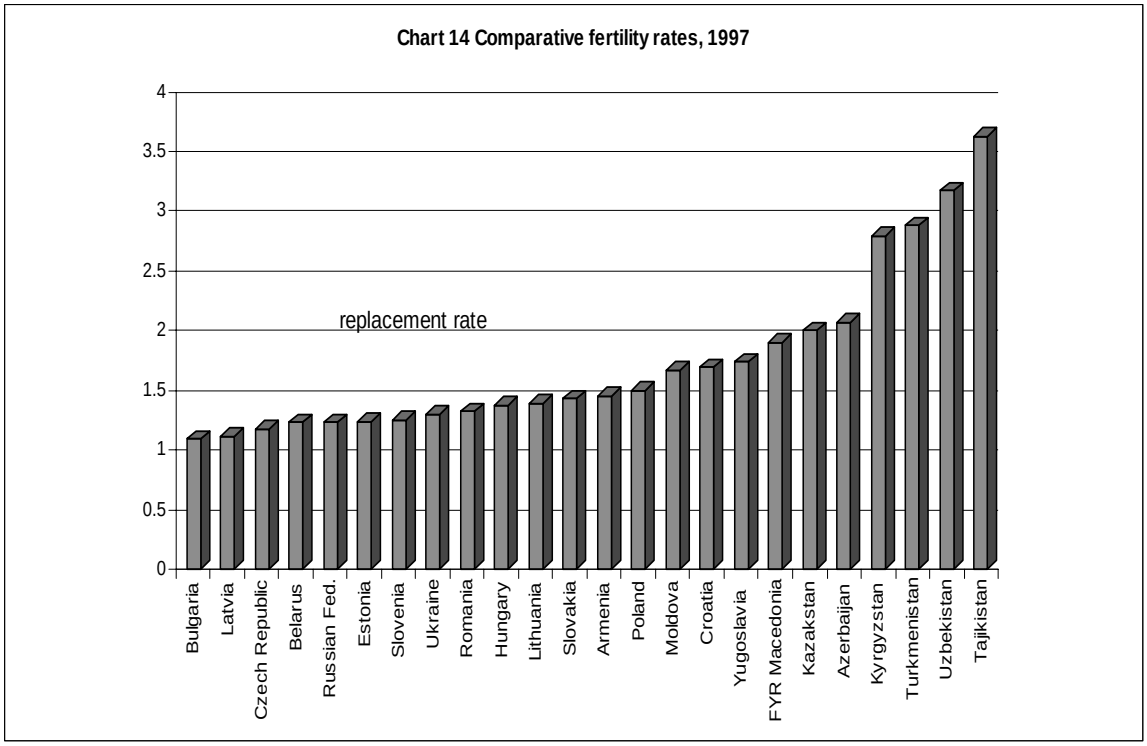
	Share of births to unmarried mothers		Share of births to mothers under 20 years old	
	1989	1997	1989	1997
Central Europe				
Croatia	6.6	7.3	8.4	5.1
Czech Republic	7.9	17.8	13.6	7.7
Hungary	12.4	25.0	12.3	10.2
Poland	6.1	11.0	7.4	7.6
Slovakia	7.2	15.1	11.9	11.0
Slovenia	23.2	32.7	8.2	3.6
S.E. Europe				
Bulgaria	11.4	30.0	20.9	20.4
Romania	...	22.2	15.1	16.0
FYR Macedonia	7.0	8.9	11.1	10.1
Yugoslavia	12.4	19.1	10.6	8.4
Baltics				
Estonia	25.2	51.6	10.5	12.0
Latvia	15.9	34.8	10.3	9.3
Lithuania	6.7	16.5	8.9	11.0
Caucasus				
Armenia	7.9	25.8	11.3	16.5
Azerbaijan	2.5	7.5	5.0	11.0
Georgia*	17.7	33.4	12.9	18.4
Western CIS				
Belarus	7.9	16.2	9.2	14.1
Moldova**	10.4	13.3	11.1	17.9
Russian Fed.	13.5	25.3	11.8	15.6
Ukraine	10.8	15.2	14.1	18.4
Central Asia				
Kazakstan	12.0	21.0	8.7	12.0
Kyrgyzstan	12.7	24.1	6.9	10.4

Source: UNICEF, MONEE

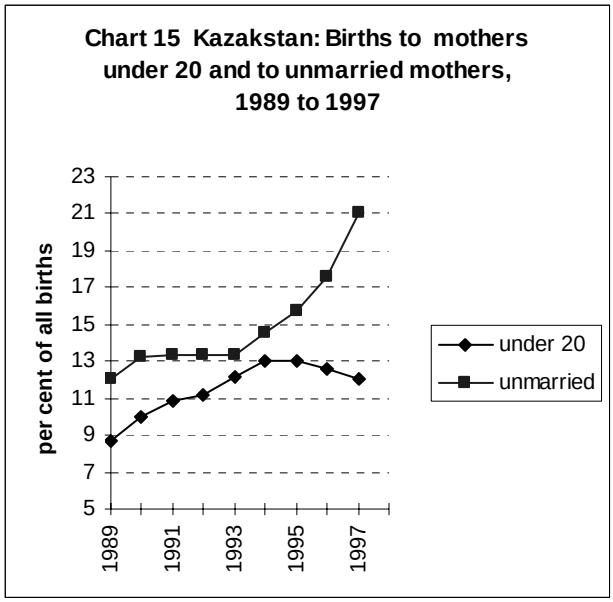
* excl. Abkhazia and Tskhinvali

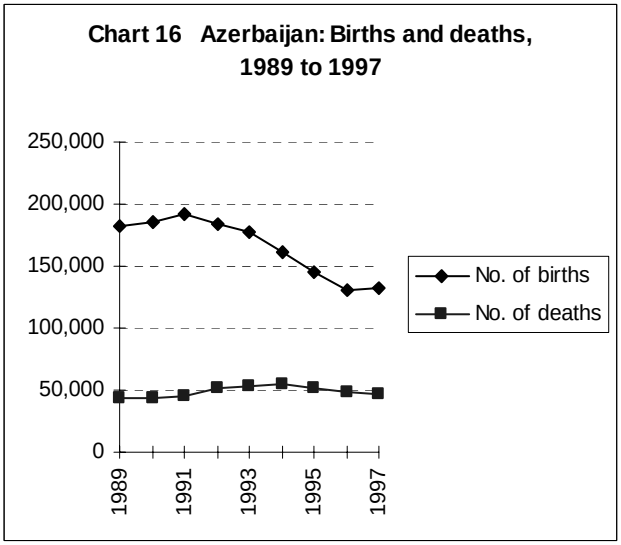
** 1996

Kazakstan is a fairly typical example in this respect. But here as in other CITs the share of births to teenage mothers began to decline in 1997 and 1998, whereas that of unmarried mothers is continuing to increase.



As noted in the text below (see table 26 and the charts that follow there), life expectancy continued to rise during transition in Central Europe, but declined in the countries of the former Soviet Union and Yugoslavia entailing a greater number of deaths. The pattern of mortality is complex. Not only do countries differ one from another, but within countries the different age and sex groups experienced very different changes in mortality. The high mortality among middle-aged men in Russia or Ukraine is an example (further discussed in the section on health, below). The net result in most of the countries has been a narrowing of the gap between births and deaths, as shown in the example of Azerbaijan below (chart 16). Another consequence is the widening gap in life expectancy between men and women. The latter now outlive their spouses by as much as 13 years in Russia (chart 33, below).





One result of the changes in numbers of births and deaths, as shown in table 12, is that the population of many of the CITs is now declining, or at least is growing at a greatly diminished rate.

In the majority of countries migration has further assisted this decline or reduced growth. The figures are highly unreliable, but the trend is unmistakable. There was little migration in Central Europe, but virtually all the countries of the former Soviet Union experienced net emigration. In many of them, Russian nationals returned to Russia after 1989, which in consequence had significant (net) immigration (about two and a half million over the decade).

The population has continued to age. The working-age population has, in the economic sense, benefited from the smaller number of children that it must support, but now has a larger burden of the elderly (table 13).

Table 12

Population, natural increase* and and external migration, 1989 to 1998

	Population '000		Rate of natural increase over previous year		net external migration, 1989 to 1997, annual average '000
	1989	1998	1989	1997	
Central Europe					
Croatia	4,767	4,668	0.6	0.8	30
Czech Republic	10,360	10,229	0.1	-2.1	7
Hungary	10,589	10,135	-2.0	-3.7	31
Poland	37,885	38,660	4.9	0.9	-16
Slovakia	5,264	5,388	5.0	1.3	2
Slovenia	1,996	1,985	2.5	-0.3	1
S.E. Europe					
Albania	3,227	3,315	18.8	15.6	…
Bulgaria	8,987	8,283	0.7	-5.3	-83
Romania	23,112	22,526	5.4	-2.4	-33
FYR Macedonia	...	2,003	10.1	6.6	…
Yugoslavia *	10,445	10,614	5.3	2.0	…
Baltics					
Estonia	1,566	1,454	3.8	-4.0	-9
Latvia	2,666	2,458	2.5	-5.9	-14
Lithuania	3,675	3,704	4.9	-0.8	-6
Caucasus					
Armenia	3,288	3,792	15.9	5.4	2
Azerbaijan	7,038	7,565	19.7	11.4	-18
Georgia**	5,424	5,160	8.2	2.8	-26
Western CIS					
Belarus	10,152	10,204	5.0	-4.6	18
Moldova	4,335	3,651	9.8	0.9	-23
Russian Fed.	147,022	146,739	4.0	-5.1	335
Ukraine	51,452	50,245	1.9	-6.1	-24
Central Asia					
Kazakstan	16,673	15,642	23.0	4.6	-196
Kyrgyzstan	4,254	4,635	23.4	14.7	-42
Tajikistan	5,109	5,983	32.2	19.2	-52
Turkmenistan	3,534	4,681	27.2	15.1	32
Uzbekistan	19,905	23,626	26.9	19.7	-98

* the increase due to an excess of births over deaths

Source: UNICEF, MONEE

Table 13
Dependency ratios, 1989 and 1998**

	Youth dependency ratio		Elderly dependency ratio	
	1989	1998	1989	1998
Central Europe				
Croatia	...	37	...	36
Czech Republic	49	36	32	30
Hungary	44	37	33	33
Poland	54	46	26	28
Slovakia	56	44	27	26
Slovenia	43	36	26	31
S.E. Europe				
Bulgaria	45	36	33	38
Romania	52	41	27	31
Albania	72	76	15	18
FYR Macedonia	...	50	...	24
Yugoslavia	49	45	26	33
Baltics				
Estonia	47	42	30	34
Latvia	45	41	30	35
Lithuania	48	44	28	31
Caucasus				
Armenia*	65	58	18	23
Azerbaijan	72	73	15	17
Georgia	52	46	26	32
Western CIS				
Belarus	48	44	29	32
Moldova	60	56	23	24
Russian Fed.	48	42	27	30
Ukraine	46	41	32	34
Central Asia				
Kazakstan	70	64	17	19
Kyrgyzstan	90	88	17	17
Tajikistan*	111	106	14	15
Turkmenistan	100	95	14	12
Uzbekistan*	101	92	14	14

Source: UNICEF, MONEE

*1990

** youths dependency: age group 0-17 per cent of age group 18-59; elderly dependency: age group 60+ per cent of age group 18-59.

◆ Material Living Conditions

Household income

The most critical item for the material aspects of social welfare in CITs is household disposable income, i.e., the income (per capita or similar), net of taxes and other compulsory contributions, which a household can spend, relative to the cost of living.[25] As noted above, in Eastern Europe and the CIS in the past, wages together with social transfers, such as pensions, were typically the largest components in incomes. In transition, however, they have declined as a proportion of the total. Earnings from entrepreneurship, homegrown agricultural produce, gifts, credit and the like have increased.

In Moldova, for example, the share of wages in money income fell from 75 per cent in 1991 to 33 per cent in 1996. In Romania by 1995, wages accounted for no more than about half total income.

Table 14

Romania: Source of household income, 1995

	% of household income
Gross wage income	47
Income from sale of agri	5
Counter value of consumption of agricultural produce from own resources	23
Income from non-agricult	5
Income from social transfers (of which pensions 13 per cent, child allowances 1.2, unemployment benefits 1.1, other 1.7)	17
Other	3
Total	100

Source: Romania, **NHDR** 1997, pp. 26-27

As of 1996, Bulgarians, similarly, derived on average no more than one third of their income from wages and salaries. Sixteen per cent came from pensions and allowances, and as much as 20 per cent from homegrown food. Dissavings and loans, not mentioned in the Romanian list, accounted for another 11 per cent.[26]

[25] The term income is used in different and incompatible senses in the literature. In the sense of national income, it derives from national accounts and is only vaguely related to the money that households can spend. Even the term "household disposable income" has a different meaning when calculated as a national accounts aggregate or, alternatively, is derived from household survey data. Especially when income is derived from multiple, partly informal, sources, national household sample surveys are usually the only valid source of data. In all cases, income can be defined in various ways: to include only cash income, or also income in kind, to include or not government transfers, to include or not the income equivalent of owner-occupied housing, etc.

[26] International definitions and national practice vary in this respect. The ILO does not recommend including loans and gifts in household income. However, whether this is done or not depends on the purpose. It is impossible to explain survival in Eastern Europe in the short run without reference to credit and the like.

As a result of the growing diversity of income sources, accurate statistics on household income have become scarce. As noted above, only household sample surveys of sufficiently high quality can provide details of income from all sources, including the shadow economy. Virtually no CIT has data of this kind going back (for comparison) to 1989. According to the NHDR 1997 for Uzbekistan, real per capita household disposable income declined as follows from 1991.[27]

Table 15
Uzbekistan: Changes in household disposable income, 1991 to 1996

	Index numbers: 1991=100
1991	100
1992	68
1993	76
1994	49
1995	50
1996	57

Russia similarly reported a decline from 100 in 1990 to approximately 70 in 1995 and 1996 (NHDR 1997, p. 87). In Lithuania "real income for households surveyed fell by 65 per cent over five years (*1990 to 1995*)" (Lithuania, NHDR 1996, p. 23).

Income figures are scant and possibly imprecise, but they show the general trend, namely a decline to 1995 or so, with subsequent slow improvement.

Consumption and retail sales

This trend is borne out also by data on consumption expenditure and, especially, retail sales. Rising private and public consumption in recent years would indicate, at least in the short run, an improvement in levels of living. The effects in the longer term are less certain. Rising consumption might be a palliative in the short run, but by detracting from investment could be detrimental to greater benefits in the future.

Figures of total consumption expenditure (see the UNECE's, **Economic Survey of Europe**) suggest that in the Central European countries, except Hungary and Slovakia, and in Romania, consumption expenditure initially fell less than GDP and, since 1992/93, has risen more quickly than GDP. The implication in these countries would be that the impact of the fall of GDP on living conditions was mitigated. By 1996, consumption levels, at least in Central Europe, exceeded those in 1989. In Hungary consumption expenditure initially rose more quickly than GDP, but dropped sharply in 1995.

Figures of consumption expenditure are supported by data on retail sales (table 17). With very few exceptions (Hungary, which experienced a 1 per cent drop, Bulgaria, Romania and Moldova) all the figures showed positive growth in 1997, some of them substantially so—especially Croatia (15 per cent), the three Baltic states (13–15 per cent), Azerbaijan (17 per cent), Georgia (28 per cent, from a very

[27] These figures are probably national accounts aggregates and probably incomplete, but the general trend is consistent with other data.

low level), Belarus (20 per cent) and Kazakstan (23 per cent)—indicating greater purchases by households than before, significantly exceeding the growth of GDP. The rise in retail sales in Russia in 1997 (for the first time since 1994) could reflect the payment of wage arrears. In spite of reduced growth of GDP in 1998, retail sales that year increased by about the same amount on average as in 1997—possibly reflecting, better than GDP, the impact of the shadow economy.

Table 16
Real total consumption, 1995 to 1998

	1995	1996	1997	1998
	per cent annual change over previous year			
Central Europe				
Czech Republic	4.2	6.2	0.6	-2.6
Hungary	-6.6	-2.9	2.0	...
Poland	3.2	7.2	6.1	...
Slovakia	3.3	10.9	4.2	2.1
Slovenia	7.4	2.7	3.6	...
S.E. Europe				
Bulgaria	-1.9	-6.7	-15.1	6.4
Romania	10.8	7.0	-4.3	-3.7
Baltics				
Estonia	9.1	5.4	8.0	5.6
Latvia	-0.9	8.1	3.9	0.9
Lithuania	...	5.6	6.2	...
Caucasus				
Armenia	8.0	3.2	6.1	...
Azerbaijan	-2.8	8.1	10.5	...
Western CIS				
Belarus	-9.5	3.2	9.5	...
Moldova	9.4	10.5	11.8	-5.7
Russian Fed.	-2.7	-2.1	1.6	-2.5
Ukraine	-3.6	-8.4	3.3	...
Central Asia				
Kazakstan	-18.7	-7.0	1.1	...
Kyrgyzstan	-16.1	6.3	-8.1	-0.7

Source: UNECE, **Economic Survey of Europe,** 99/1

Table 17
Retail sales, 1996 to 1998
(annual growth rates, %)

	1996	1997	1998
Central Europe			
Croatia	-3.5	14.9	-0.6
Czech Republic	9.6	-2.0	-6.8
Hungary	-5.0	-1.0	7.5
Poland	4.5	6.8	12.9
Slovakia	6.9	4.6	7.9
Slovenia	14.1	5.4	1.9
S.E. Europe			
Bulgaria	0.5	-39.3	5.1
Romania	15.3	-12.1	4.1
FYR Macedonia	-10.2	4.3	3.2
Yugoslavia	7.4	9.0	2.7
Baltics			
Estonia	6.0	8.0	-2.8
Latvia	-9.0	18.6	21.8
Lithuania	5.0	12.9	11.1
Caucasus			
Armenia	12.5	5.2	6.1
Azerbaijan	14.1	14.9	9.1
Georgia	22.5	27.5	11.7
Western CIS			
Belarus	30.5	17.9	21.0
Moldova	17.7	-3.5	-13.0
Russian Fed.	-3.7	2.3	-4.5
Ukraine	-5.1	1.9	-4.5
Central Asia			
Kazakstan	33.3	29.3	18.0
Kyrgyzstan	1.8	8.8	8.4
Tajikistan	-6.1	9.0	8.2
Turkmenistan	-1.9	13.7	...
Uzbekistan	22.2	12.6	14.0

Source: UNECE, **Economic Survey of Europe**, 99/1. The coverage in terms of goods is not identical in all the countries

Poverty and coping strategies

Unable to raise the necessary revenue, most of the governments have failed during transition to provide safety nets for the poor, i.e., sustain a reasonable level of social support for those with insufficient income. Neither have they been able to maintain effective public social services, including those in health and education. Countries in Central Europe have managed much better in this respect than those in the CIS or the other groups.

The free-for-all pattern of institutional change in many of the countries, moreover, has meant that what little growth has taken place tends to have benefited the few—those able to participate in the more remunerative economic sectors, as well as

"unsociable elements" and others in the popularly, if misleadingly termed "mafia"—rather than the broad masses. Because nobody really knows how much the affluent earn, income distribution figures at the upper ends of the distributions, and therefore Gini coefficients, are faulty. It is likely, however, based on all the evidence available, that income is much less equitably distributed now than before transition.[28]

The principal cause of poverty, however, has been the sudden collapse of production and withdrawal of income, including social transfers, and of the cheap, subsidized food, housing and fuel available in Soviet times. Affliction has been the greater as many health and education services, previously available at no or little cost (though the quality was often deficient), were suddenly withdrawn or greatly reduced in quality.

Poverty in Eastern Europe is quite unlike poverty in other regions of the world. Because destitution in its present form was so sudden in its apparition, it has few of the cultural attributes typical of countries in which poverty is almost endemic. People in Eastern Europe are well educated, relatively highly skilled professionally, cultured and knowledgeable. Behavioural patterns are more typical of those in Western Europe than of countries with equivalent levels of GDP elsewhere. For example, the 10 CITs with less than $1000 per capita GDP in 1995 had an infant mortality rate on an average of 37. This compares with a rate of 81 in countries outside the region with less than $1000 per capita GDP. Similarly, adult literacy was on an average 98 per cent as compared with 70 elsewhere; female adult literacy 97 per cent compared with 55 per cent elsewhere; total fertility 2 to 3 children as compared with 5 children elsewhere in countries with equivalent incomes (table 18).

The extent of poverty is unknown at this time. Poverty in most of the CITs in the early years of transition was measured in terms of household income or consumption expenditure. Those with incomes insufficient to afford a minimum basket of essentials (food, housing, fuel and the like) as defined in each country were classified as poor. This "absolute" approach to poverty measurement, which is conceptually simple but technically complex (requiring a definition of what is essential, for example), is gradually giving way to a "relative" approach, technically much simpler but conceptually complex and unsatisfactory because estimates of the degree of poverty are not comparable among countries or for the same country over time. Nor, using the relative method, is it possible to measure the extent of poverty or identify those in need.[29]

[28] It is a curious fact about the transition process that although income is probably much less equitably distributed, there is a sense in which there is more equality now than even in Soviet times. This paradox arises because the bulk of what wealth there is, is highly concentrated in a few hands (perhaps 3 to 10 per cent of the population) whereas the remaining 90 per cent are uniformly destitute. The term social exclusion which is now commonly attached to poverty takes on a new meaning when the poor are the great majority, as is the case in many of the countries of the CIS.

[29] The absolute approach involves identifying a "basket" of essentials, such as food, housing, fuel, etc. The value of this basket is the poverty line. The relative approach simply defines the poor as the 5 or 10 per cent (or so) with the lowest income. Another alternative considers poor those with incomes below a certain percenage, usually 50 per cent, of average national income. The problem is that by this definition the poor in a rich country, such as Luxembourg or Switzerland, may be relatively well off in comparison with those in poor countries. Nor, if average national income shifts over time is it meaningful to compare estimates of the poor in successive years.

Table 18

Differences in respect of social levels between countries in transition (CITs) and others with about the same per capita GDP in 1995

	per capita GDP US$.	IMR	literacy men plus women	literacy women only	total fertility
Under $1000 per capita GDP					
CITs	469	37	98	97	3
Others	654	81	70	55	5
$1000-$1999 per capita GDP					
CITs	1,464	32	97	96	2
Others	1,469	38	77	67	4
$2000 or over per capita GDP					
CITs	3,402	15	99	98	2
Others	3,116	30	87	84	3

Sources: GDP from UNECE unpublished figures; other data from UNICEF, **State of the World's Children**

The figures in table 19 attempt to estimate the approximate magnitude of poverty in CITs. They also demonstrate the prevailing confusion over concepts and methods. The extent of income-related poverty in recent years, as shown in table 19, varies from 80 per cent in Albania to 3 or 4 per cent in the Czech Republic.[30]

> Because criteria, definitions and data sources are too varied, it is not possible, except in general magnitudes, to compare CITs one with another or with countries in other regions on the basis of the available poverty line data. The figures in table 19 support arguments made on other grounds. These would include the hypothesis that most of the CIS (as well as Albania) had upwards of 50 per cent of the population in poverty. Rates in the Baltic states and south-eastern Europe may lie

Use is also increasingly made of non-monetary factors in defining poverty, ranging from health and educational status to possession of a kitchen sink. Terms such as capability poverty and social exclusion have further added to the confusion, which is caused not so much by the concepts per se but by attempts to apply them in practice. Neither capability nor exclusion are readily measurable. It is significant that the European Statistical Programme Committee (26/27 November 1998, Item 2 of the agenda) of the European Union notes that a Task Force appointed to consider the measurement of poverty and social exclusion decided that it could not define social exclusion. Nor could the Committee recommend a list of non-monetary indicators. Its discussion was mainly confined to technical issues related to *monetary* poverty lines.

[30] "Even though the transformation of the economy has changed and is still changing the economic situation of most individuals and households, the situation has been kept under control, in part by making use of the most varied socio-political measures, such as . . . living minimum, minimum wage, the introduction of a social allowance, partly compensating the increase in the price level after the liberalization of prices, the adjustment of the amounts of old-age pensions . . . and the payment of unemployment benefits. . . . The rate of poverty remains low" (Czech Republic, NHDR 1997, p. 80).

between 20 and 40 per cent, in the central European states below 20 per cent, some of them well below. [31]

Table 19
Poverty Estimates Reported in National Human Development Reports*
(latest available date)

	Basis of estimate	Per cent in poverty	Year of estimate
Central Europe			
Czech Republic	legally established minimum	3.7% households	1996
	50% of average expenditure	3.9% households	1996
	subjective assessment	28% households	1996
Hungary	"Legal" (minimum old age pension)	12.1% persons	1995 1/
	"Minimum subsistence"	34.6 % persons	1995 1/
	Subjective	27.7% persons	1995 1/
Poland	"Existence minimum"	4.5% persons	1996
	50% average cons. expenditure	14% persons	1996
	"social minimum"	43-47% persons	1994/96
	"Leyden" method (subjective)	33% persons	1994
Slovakia	"Living conditions index"	13.4% households	1995 1/
	60% of median income	12.1% households	1995 1/
Slovenia	50% of median expenditure	14.9% (?)	1996 1/
S.E. Europe			
Albania	private calculation (below 14,000 leks)	80% persons	1995
	$1 per cap/day	26% persons	1994 1/
Bulgaria	Food basket	44% households	19981/
	50% of median income	6..7% households	19981/
FYR Macedonia	50% of median income	7.7% ****	1995 1/
	basket based on 2400 calories	15.8% ****	1995 1/
Romania	60% of av. cons. expenditure per adult equivalent =71,000 lei	23% persons	1996
Yugoslavia	$120 ppp per equivalent household unit	23% persons	1994
Baltics			
Estonia	"official poverty line"	estd. 7-8% households	Sep-94
	50% of average income	6.8% households	19981/
Latvia	50% of average income	17% persons	19981/
Lithuania	50% of average cons. expenditure	13 to 16% persons	19981/
	a modified "real" MCB	5 to 7%****	19981/
Caucasus			
Armenia	below $35 ppp/cap.**	47-87%****	uncertain
Azerbaijan	World Bank estimate	62% persons	1995
Georgia	Emergency consumer basket	70% households	Jul-95
Western CIS			
Belarus	60% of MCB	63% persons	Jan-95
Moldova	MCB	90% persons	1994
Russian Fed.	Off. subsistence minimum	21-35% persons	1994 or 1995
	ARSLC estd.	40% persons	1994
	Ministry of Labour	60-70% persons	uncertain
Ukraine	modified MCB	30% h'lds, 32% persons	mid 1995
Central Asia			
Kyrgyzstan	MCB	circa 90% persons	Sep-95
Kazakstan	MCB	31% persons	1996
Tajikistan	MCB	80% persons	1996
Turkmenistan***	MCB or physiological sub-substence or 19 food items	48% ****	1993/94
Uzbekistan	assessment by local admin.	12% persons	uncertain

* Except items marked 1/, which were communicated by the national statistical offices.
** Definition unclear or value uncertain.
*** It is uncertain to which of the three possible definitions the value applies.
**** Not known whether persons or households.
Source: W. Scott, "Poverty in transition in Eastern Europe and the Commonwealth of Independent States: Conceptual issues and some findings", **Statistical Journal of the United Nations Economic Commission for Europe**, 14(2), 1997. The original table from that paper has been updated.
MCB=Minimum consumption basket, the least possible consumption consistent with the maintenance of a normal lifestyle, as estimated by each government separately.

[31] (W. Scott, "Poverty in transition in eastern Europe and the Commonwealth of Independent States: Conceptual issues and some findings", **Statistical Journal of the United Nations Economic Commission for Europe**, 14(2), 1997.)

The figures in table 19 are at best rough estimates, depending on somewhat arbitrary judgements in each country as to the level at which people can survive, and on inadequate figures of income. The data for the Russian Federation, ranging from 25 to 70 per cent, are a good example of the diversity in estimates of the proportions in poverty. The official minimum subsistence line (calculated on the basis of 75 food and 124 non-food items and "several dozen" service items) was 254,000 roubles per capita in May 1995. Between 25 and 32 per cent of the population had incomes less than this. Other minima in use were the cost of a "food basket", estimated at 171,000 roubles, and a minimum wage of 39,000 roubles per month. According to the Russian Federation's NHDR 1996, the All-Russia Standard of Living Centre preferred a poverty line higher than the official minimum subsistence by some 15 per cent. Approximately 60 million persons lived below this level. A still higher line was calculated by the Research Centre of the Ministry of Labour, to encompass between 60 and 79 million people.[32]

What many governments do in practice is to consider estimates in the light of the financial resources available to them to help the poor. If the number of poor, as defined by a certain poverty line, is too large the line is lowered to the level at which the government can afford to intervene. Such an approach might be considered cynical. The Kyrgyzstan NHDR 1996, however, comments that the poverty line in Kyrgyzstan is:

> . . . not a figure which is fixed once and for all. Its level depends on various capacities of the economy and the state budget, and on how feasible it is to provide social support and to how many people. . . . By lowering the poverty line, the state 'frees' itself from the worry of providing social support to this portion of the population . . . It is the state's profound insolvency which necessitates this step, not any ill will on its part.

Given the extent of poverty (especially in the CIS but in CITs more generally), the question remains how people manage to survive. High cultural and educational levels may help in the longer run, but for the time being they will not fill the cooking pot. If half a country's population is unable to obtain the necessities of life, why is it that there is not greater starvation and deterioration of health than the figures in the sections below suggest?

Some of the NHDRs speak of "coping" or survival strategies (many of which would be included in what is called shadow economy). These include growing food for family consumption or rearing livestock on family plots; small-scale commercial activities such as selling cigarettes, loaves of bread or matches; operating kiosks or street stalls; buying and selling foreign currency; family members working abroad and remitting money; using up past savings; obtaining

[32] As noted above, poverty is usually described in terms of income or expenditure (the proportion falling below a certain minimum income or minimum expenditure) where these are a kind of shorthand for the many necessities of life conveniently summarized by the income required to purchase them. It is the method used in virtually all the NHDRs, although, as noted in table 19, some of them also use alternative methods. Problems of defining the minimum subsistence basket and—even more so—of measuring household income in a meaningful way have led the Estonian NHDR team to suggest an alternative based on a list of "indispensable" items (examples are TV, washing machine, health insurance, a hobby, friends and family for a meal once a month, etc.). Households are deprived or poor if they do not have or cannot afford a certain number of these items (Estonia, NHDR 1997, p. 46 ff).

loans; gifts (including help from relatives); selling household possessions; and prostitution. Illegal activities would include trading narcotics, smuggling and arms traffic. The close kinship pattern that still prevails in some of the countries is an important mechanism in transmitting help from the more affluent citizens to needy relatives (see Georgia, NHDR 1995, p. 20ff).

Coping strategies (which in the figures that follow do not include the illegal or illicit activities) were as follows, according to a survey of women-headed households in Tajikistan in 1996.

Table 20
Tajikistan: Coping strategies, 1996

	Per cent of households practising the strategy
Own cattle	62
Grow food	49
Loans	33
Barter	29
Sale of own produce/property*	43
Work for private employer	22
Live on stored food	20
Remittances**	12
Help of relatives	5

*The term "sale" is used for 26 per cent, "sale of own things" for another 17 per cent
**"Husband works in Russia"
Source: Tajikistan, **NHDR** 1997, p. 57

In Bulgaria in 1996, household plots yielded 20 per cent of household income as defined, dissavings 10 per cent, sale of property and loans each about 1 per cent (Bulgaria, NHDR 1998, p. 56). In FYR Macedonia, on the other hand, remittances from abroad, not mentioned in Bulgaria, yielded as much as 16 per cent of household income (FYR Macedonia, NHDR 1997, p. 56).[33]

It is not clear from the figures whether or not incomes from these sources are included in household incomes as defined for determining the numbers in poverty (as they should be if the poverty studies are properly conducted). It is more likely that only "regular" income is mentioned in the poverty studies, and that some of the poor survive by "coping". To the extent that this is the case, poverty is less than indicated in table 19.

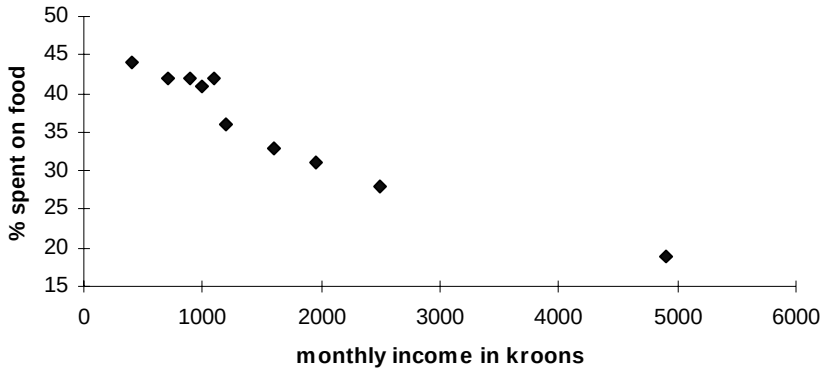
Virtually no data exist on recent changes in poverty—in particular whether it has begun to decline in line with recent improvements in national economies. An exception are figures from the Czech Republic, where poverty as measured in terms of the official living minimum increased, in spite of the continuous rise in GDP from 1993, but only from 2 per cent in 1990, 1993 and 1994 to 3.7 per cent in

[33] The results should be regarded critically. Much depends on the sources. If interviewing in household surveys is the source, the validity of the data depends (*inter alia*) on how the questions are asked in the interview, and how the respondent replies.

1996 (an amount which could well be attributable to random and other errors in estimation).[34]

A commonly used indirect measure of poverty is the proportion of total consumption expenditure that is spent on food (Engel's coefficient). It is an empirical fact that the higher per capita household consumption expenditure (itself an indicator of household income), the *smaller* the *percentage* that is spent on food (alcohol and tobacco excluded). Inversely, the higher the proportion spent on food, the more deprived on an average is the household. Poor households will typically spend 50 per cent or more on food. On the contrary, average expenditure on food in the more affluent conditions of the United Kingdom in 1997 was 17 per cent (down from 30 per cent in 1960). Chart 17 shows the relationship of food expenditure to income in various income groups in Estonia, as an example.

Chart 17 Estonia: Association between food expenditure and income, 1996

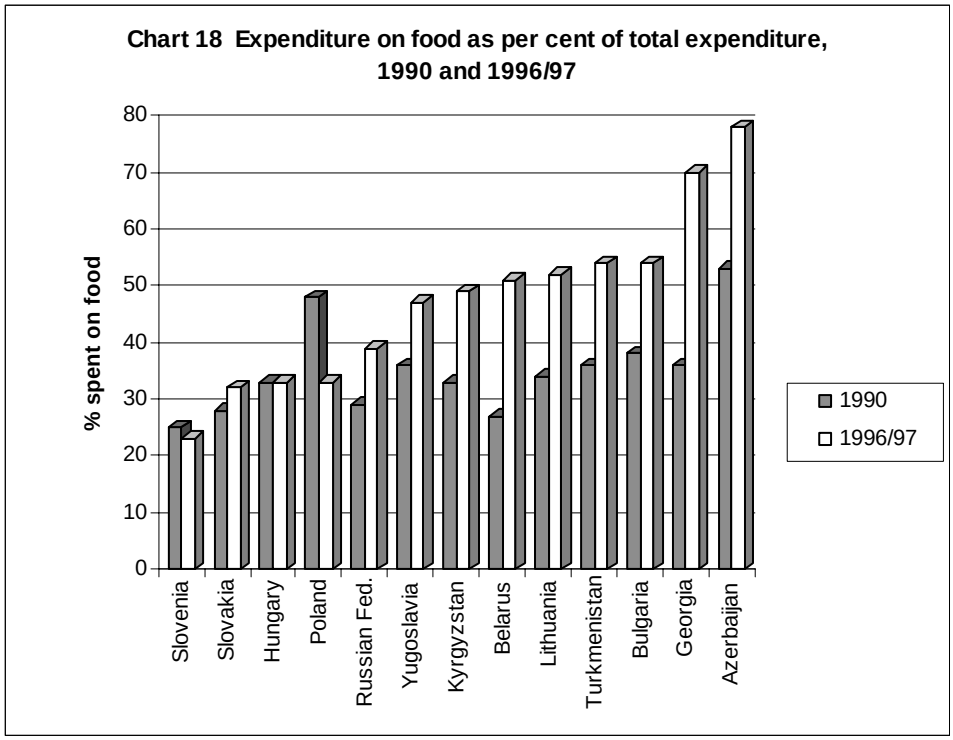


Source: Estonia, **NHDR** 1997

The comparative figures in chart 18 indeed show a significant rise (except in some of the Central European countries) after 1990, the time of adversity, in the proportion spent on food, reflecting the unfavourable economic situation in early transition. The figures suggest that, except for Central Europe, the proportions of total expenditure spent on food are still very much higher now than they were in 1990 or 1991—conclusive evidence, if this is required, that most of the countries are still a long way even from the moderate levels of living at the beginning of transition.

There are signs of change, however. In Poland the percentage spent on food declined from 1990 onwards, and marginally in Slovenia after 1994, indicative of gradual improvement as people were in a position to spend relatively more on non-food items. Gradual declines (i.e., a positive trend) can be noted also in Yugoslavia and Lithuania after 1993. While there was no clear improvement in countries of the CIS with data, the figures nonetheless indicate a levelling rather than continued deterioration.

[34] Figures for Bulgaria and Poland indicate minor fluctuations but no definite trends.



Nutrition

While, with transition, expenditure on food declined less than on non-food items (resulting in higher proportions spent on food) the pattern of food consumption itself changed, away from the more expensive items toward cheaper food. Declining purchase of "luxurious" food items, such as meat, milk and dairy products, is thus indicative of living conditions overall, as well as having a special bearing on health.

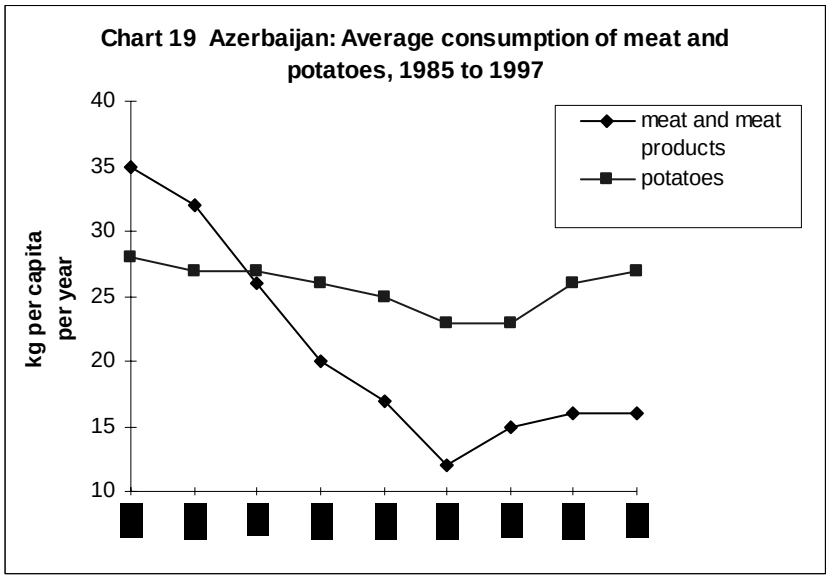
The pattern of decline is fairly typical in Azerbaijan, shown in table 21 and chart 19 as an example. Consumption of low-cost items such as potatoes and bakery products (including subsidized bread) remained fairly constant, whereas consumption of the more costly items, such as meat and milk, declined sharply. The decline stabilized in 1994 or 1995 and, as regards some of the items in Azerbaijan at any rate, gave way to a rise in 1996 and 1997.

In Georgia, similarly, between 1989 and 1993, there was a decline in consumption of total protein (from 77 to 57 grams per person per day) and especially of protein from animal sources (from 30 to 9 grams per person per day). The decrease was relatively greater than the consumption of calories (2717 to 2300 per person per day), which is indicative of the same trend, namely away from the more costly food items (Georgia, NHDR 1995, p. 86).

Table 21
Azerbaijan: Per capita consumption of major food items, 1985 to 1997
(kg per capita per year)

	1985	1990	1991	1992	1993	1994	1995	1996	1997
meat and meat products	35	32	26	20	17	12	15	16	16
milk and dairy products	293	292	217	204	170	150	139	177	144
eggs (pieces)	155	143	16	103	70	76	76	79	77
fish and fish products	4.7	4.2	4.0	1.9	1.3	1.4	1.3	1.0	1.6
sugar	37	36	15	12	8	11	12	21	14
vegetable oil (ltr)	3.4	2.5	2.5	1.3	1.0	1.6	2.0	2.3	2.4
potatoes	28	27	27	26	25	23	23	26	27
vegetables	62	67	65	53	58	66	56	85	74
fruit and berries	39	33	50	36	47	52	49	63	61
bakery products (bread, etc.)	158	151	155	150	153	141	142	151	145

Source: Azerbaijan State Statistical Committee



In Moldova:

> Reduction in the real value (of the average wage) is naturally closely correlated to the decline in consumption. . . . The decline of per capita consumption of certain items between 1990 and 1996 was as follows: meat -57%, milk and dairy products -48%, eggs -48%, sugar -60%, bread and flour based foods -21%. . . . Similar trends have been recorded in other economies in transition (Moldova, NHDR 1997, p. 41).

Similar figures are indeed reported from Ukraine, where, moreover:

> The average diet in 1994-96 did not fulfil the entire energy requirements of people (declining from 3597 calories in 1990 to 2640 in 1995). At the same time, the (relative) calorie content made up of carbohydrate products such as bread, sugar and potatoes increased. Further, there was insufficient consumption of protein and vitamins . . . (Ukraine, NHDR 1997, p. 43).

A deficient diet, with too much starch and too few vegetables and fruit, is held to contribute to the high rates of male adult mortality. It may also be responsible, over the longer run, jointly with diarrhoea and other childhood disease, for stunting (low height for age) found among children under five in some of the CITs. Of the commonly used measures, weight for height and height for age are the most meaningful. Low weight for height indicates current acute under-nutrition (insufficient volume of food); low height for age indicates malnutrition, that is deficient quality of food over a longer period, combined with childhood disease (table 22).

Table 22

Proportion of children with relatively low weight for height and height for age

(countries with data for 1993 or later)

National samples unless otherwise stated	Year	sample size	Age group months	weight/height % with 2 SD below median	height/age % with 2 SD below median
Amenia - total	1993	1,435	6-59	0.8	11.9
- non-refugees		724	6-59	0.8	12.6
- refugees		711	6-59	0.8	11.3
Armenia - total	1998	3,080	0-59	3.5	12.3
- male		1,679	0-59	4.6	11.4
- female		1,401	0-59	2.1	13.3
Azerbaijan - total	1996	500	6-59	2.9	22.2
- non-IDPs		261	6-59	3.0	21.5
- IDPs		239	6-59	1.3	30.5
Kyrgyzstan	1993	1,415	12-84	7.0	...
	1997	1,015	0-36	3.4	24.8
Croatia (kindergarten)	1993/94	34,486	12-72	1.1	0.7
	1994/95	17,734	12-72	1.2	0.9
	1995/96	26,036	12-72	0.8	0.8
Kazakstan	1995	717	0-36	3.3	15.8
Russian Federation -total	1993	736	0-59	3.5	17.0
- male		349	0-59	4.0	16.1
- female		387	0-59	3.1	17.8
Russian Federation -total	1995	562	0-59	3.9	12.7
- male		288	0-59	3.8	12.1
- female		274	0-59	4.0	13.2
Tajikistan - total	1994	1,165	0-59	3.5	30.0
- selected districts*	1996	1,416	0-59	10.0	40.7
Uzbekistan - total	1996	989	0-36	11.6	31.3
- male		509	0-36	12.6	33.9
- female		480	0-36	10.6	28.5
Yugoslavia - total	1996	3,226	0-59	2.1	6.8
- male		...	0-59	2.3	6.8
- female		...	0-59	2.0	6.8

Source: Mercedes de Onis and Monika Bloessner, **WHO Global Database on Child Growth and Malnutrition**, WHO, Programme of Nutrition, Geneva, 1997, and updates.

*Leninabad and regions under Republican control: Faisobad, Garm, Kofarnihon, Komsomolabad, Rogun,Tajiikabad, Varzob.

The figures in table 22 give the percentages with weight for height and height for age more than two standard deviations below the median of a well-fed and healthy standard population. As the table suggests, with the exception of certain areas within Tajikistan and Uzbekistan, weight for height is fairly normal in almost all

the countries (even a healthy population would contain up to 3 per cent or so of children who are light for their height), whereas height for age is, in most of the countries, well below that of the standard population. This could indicate that children (and probably the population as a whole) currently receive enough volume of food, but that the quality of the food is probably deficient, lacking in certain animal proteins and micronutrients required in early growth.

Health

The question was asked earlier whether the decline in economic and socioeconomic conditions, resulting in widespread poverty especially in the CIS, is reflected in illness and death, and whether these have been affected in turn by very recent stabilization and modest economic recovery. Health is influenced by overall living conditions—including incomes, food, the environment, cultural patterns of which consumption of alcohol and tobacco would have a negative effect—but also by the effectiveness of the health care service. The latter declined, in line with everything else, but there is no way with existing statistics to distinguish the impact of health care service on health conditions from other factors.

Health care services[35]

The state of health care services after transition is unlikely to have helped improve health conditions. Before transition, even if the quality was imperfect, medical care was at least universal and free. With falling revenues and large interest payments on accumulated debts, governments found it increasingly difficult to pay staff and maintain services in the public sector. The level of health expenditure in budgets dropped rapidly—in the case of Azerbaijan, for example, from 2.9 per cent of GDP in 1990 to 1.5 per cent in 1996. If allowance is made for the decline in GDP, the percentage in 1996 was 0.6, about one fifth of the 1990 figure. The situation was similar elsewhere in the CIS. The effects were evident: unheated hospitals, no medicines or meals were provided and patients were increasingly obliged to pay for every service. Medical staff, unpaid or hardly paid by governments, recuperated their losses directly from patients. Alternatively, as the quotation above from Tajikistan suggests, doctors preferred driving cars for international organizations to working for a pittance in their profession. The following extracts from NHDRs illustrate the situation as it was in 1996. In Russia:

> According to the World Health Organisation, expenses for health care should account for at least 5 to 6 per cent of GDP. In Russia, according to different estimates, they accounted for only 2.3% to 3.2% in 1996 . . . one of the most alarming reflections of inadequate funding of health care is low payments to those working in this sphere. The salary level amounts to only 74% of the average salary level in other areas. The salaries of 90% of those who are employed in the health care system do not reach the subsistence level and, moreover, are 2 to 7 months overdue. . . . The result is that the best qualified and most dynamic of the medical cadre moves to commercial medical institutions which decreases the potential of generally accessible health care (Russian Federation, NHDR 1997, p. 38ff).

[35] The commonly used indicators, such as ratios of medical staff and hospital beds to population are of limited use in the region. Medical staff continue to be counted as such, but many of them seek a living outside the profession. Hospital beds, similarly, although counted, remain empty for a large part of the year.

In Armenia:

> The state budget still fails to meet its liabilities and people have to pay for a supposedly-subsidised medical service. In 1997, medical services which were subsidised by the state were operating at only 40-50% of their capacity. The medical network is growing noticeably poorer while medical treatment, legal or not, is becoming obviously more expensive. Medical personnel do not receive wages for months. One day in hospital in the therapy division, for instance, costs 10USD (*40% of the average monthly wage—see chart 11 above*). At those prices the number of patients turning to doctors decreases and hospitals are empty for months. More than half of hospital beds have not been used for years. A World Bank survey indicated in 1996 that 59.4% of sick people preferred self-diagnosis or no diagnosis at all . . . Health care is increasingly considered a privilege for the elite, less and less available for the poor part of the population (Armenia, NHDR 1997, p. 57ff).

The same report says that on an average, doctors are paid a mere $12-14 a month (p. 51).

In Belarus:

> Because of poor funding, the level and quality of medical assistance has fallen. Shortages of medical equipment, medicine and supplies has reached a critical level. As a result, public health has deteriorated. The increase of socially dangerous diseases, especially acute tuberculosis, is causing great concern (Belarus, NHDR 1997, p. 53).

In Azerbaijan:

> However, the economic crisis has had a pronounced negative effect on the public health system. Inadequate equipment and technical supplies and a shortage of drugs have prevented the provision of quality medical services and health security. . . . A number of key problems have to be resolved. The salaries of medical personnel are too low to retain qualified people. . . . People cannot afford the medical fees. Over one third of the population prefer self-treatment (Azerbaijan, NHDR 1997, p. 19).

Problems that people with minimal budgets had with payments for medical services are illustrated also in the following table.

Table 23
Azerbaijan: Reasons for not seeking treatment at official health facilities when sick, 1996

	Residents	Internally displaced persons (IDPs)	Total*
	- per cent of respondents -		
Not enough money	86	91	86
Lack of transport	3	3	3
Lack of trust	3	3	3
Other	8	3	7
Total - per cent	100	100	100
- number	156	204	360

* Weighted according to numbers in population
Source: Azerbaijan Health and Nutrition Survey, 1996

In the Tajikistan NHDR, the costs of services provided in hospitals are compared with an average monthly wage, which in 1996 was 3000 TR (1997, p. 74).

Table 24
Tajikistan: Cost of health service, 1996

	TR
Blood and urine test	100-250
X-ray with film	700
Tooth extraction	200
Filling cavity	400
Antibiotic treatment	1,600

The difficulties are not confined to the CIS. The NHDR for the Czech Republic lists the following difficulties (very familiar also in the West): an increase in the costs of health services; growing recourse to costly modern health care technology; fast growth in the number of high-quality and costly operations; the high and increasing cost of medications; increased indebtedness of almost all Czech hospitals and health insurance companies; and chronic dissatisfaction of health care workers with their salaries (Czech Republic, NHDR 1997, p. 83).

A commonly proposed solution, in the Czech Republic and elsewhere, is increased privatization of health care, combined with continued public support to individuals who cannot afford the added expense. But progress is slow:

> In recent years, however, a network of medical institutions has emerged offering services for payment. As of 1 January 1997, there were 270 registered private medical firms which received no subsidies. The reality is, however, that due to the high costs of the services in these private medical firms, a large part of the Moldovan population has no access to adequate medical care (Moldova, NHDR 1997, p. 60).

New policies and new schemes are evolving in many of the countries to provide at least essentials until the economic situation improves.

Health status [36]

As noted above, health status, that is the numbers surviving in good health (or the inverse) depends on a wide range of factors of which health care services, although clearly important, are only one. Measuring health status is difficult. Data exist on the morbidity of persons attending public health institutions, but because attendance has declined these individuals would no longer be a representative sample. A decline in the number of consultations by children under 15 in Azerbaijan, from 348 per 1,000 children in 1990 to 242 in 1997, and similarly in Georgia, is more likely to be the result of financial stringency and dissatisfaction with the public health care service than improved health. If so, changing patterns of reported morbidity would have significance only in respect of serious disease.

Thus, the Russian Federation reports a *decline* of 14 per cent in diseases of the respiratory organs (the most commonly reported morbidity in public institutions, some of it trivial) but increases, some of them very large, in other, usually more serious, afflictions:

> Morbidity of tuberculosis, syphilis and AIDS . . . is a particularly serious problem for Russia. Morbidity of tuberculosis has gone up by 65.7%, syphilis by 311%. . . . An acute problem for Russia today is psychiatric morbidity. . . . Behavioural factors play a particularly negative role . . . the most dangerous ones are alcohol and drug abuse, tobacco smoking, crime, traumas and accidents which have dramatically increased in number . . . mortality of alcoholic psychosis and cirrhosis of liver jumped 3.8 times. . . . Among those infected with tuberculosis, syphilis and AIDS, risk groups are the most numerous . . . the imprisoned, persons without permanent residence, drug addicts, prostitutes and the like (Russian Federation, NHDR 1997, p. 36ff).

Equally useful is the information on certain notifiable diseases related to immunization. While the incidence of measles and pertussis (whooping cough) did not rise consistently over the period, polio, diphtheria and probably tuberculosis did increase for a time. A substantial number of polio cases, now increasingly rare in Western Europe (or the Western hemisphere), occurred in Azerbaijan, Tajikistan and Uzbekistan, and a polio epidemic was reported in 1995 in Chechnya (Russian Federation) with 105 cases and 8 deaths, including 4 children. The number of diphtheria cases and deaths rose sharply in most republics of the former Soviet Union, though not in Central Europe. Once a serious threat to child health, diphtheria has gradually been brought under control in Western Europe, with no more than 160 new cases reported in 1980 and a mere 6 in 1990. In the former USSR, similarly, diphtheria appeared to diminish, but from 1980 onwards the trend was reversed to reach an average of 1,900 cases annually in 1989-91, as compared with 350 cases in 1980. From 1992 onwards, the increase took on epidemic proportions in Russia and Ukraine: nearly 5,400 cases in the two countries together in 1992, 18,000 the following year and 43,000 in 1994.

[36] Comparable, relevant and meaningful data are relatively rare in this sector. Mortality by age has been used here, as well as the limited morbidity data. Because maternal mortality rates exhibit relatively high annual, random fluctuations in smaller countries, they would be valid for purposes of trend analysis only in the larger countries. Birth weight is generally considered a good indicator, but the figures show no clear trend, possibly because of the change in definition of a live birth, or of the increased number of births at home (where the weight would not be recorded).

Three countries—Russia, Tajikistan and Ukraine—accounted for 95 per cent of new cases of diphtheria in the region in 1994, but the disease also spread to the remaining republics of the former Soviet Union and Mongolia, the latter reporting 65 cases in 1995. Only a few cases were notified in Central, south-eastern and Western Europe (Albania, with about 70 cases between 1992 and 1994, is an exception).

The reported incidence of tuberculosis, similarly, doubled in Russia between 1993 and 1994; it also increased in Ukraine. Diagnosis and analysis of the situation are obscured by defective statistics. The prevalence of tuberculosis is not known in Georgia, for example, but basing themselves on the known number of cases of tubercular meningitis—which increased tenfold between 1990 and 1993—tuberculosis is also considered to have greatly increased as a result of adverse economic and social conditions and difficulties of providing medical care. The fact that the majority of cases treated at the Tuberculosis Institute in Tbilisi are children aged zero to three years adds to the concern. In Croatia, UNICEF reported a 40 per cent increase in the incidence of tuberculosis in 1992 as compared with the previous year, due *inter alia* to deficient nutrition, the penury of fuel that made it difficult to heat homes, or to the influx of internally displaced persons and refugees, many of them in overcrowded and otherwise inadequate communal accommodation.

Figures since 1994 suggest an improvement, as shown by the example of Russia (table 25). The number of diphtheria cases remained high in 1995, but dropped considerably thereafter as did measles. Pertussis declined in 1996 but rose again in 1997. An epidemic of polio occurred in 1995.

Table 25

Russia: Reported cases of vaccine-related diseases, 1991 to 1997

	1991	1992	1993	1994	1995	1996	1997
Diptheria	1,876	3,897	15,209	39,582	35,652	13,687	4,057
Measles	20,449	18,570	74,336	28,672	6,630	8,184	2,893
Pertussis	30,876	24,003	39,218	48,614	20,626	13,842	27,275
Polio	...	10	1	5	150	3	0
Neonatal tetanus	0	0	0	0	0	0	0

Source: WHO, **EPI Information System, Global summary**, September 1998

Drunkenness and drug addiction are singled out as other pervasive factors affecting health. In Kyrgyzstan:

> At the moment (*1997*), drunkenness and drug addiction are acquiring the proportions of a national tragedy. It is widely recognised that the high incidence of infant and children's illness and death is linked to alcoholism of the parents . . . Every year, alcoholism and drug addiction claim thousands of lives, destroy families and cost the state millions of soms. Drunk drivers cause about 50% of the deaths on the roads, and about 30% of suicides are committed in a state of intoxication. In addition, alcoholism and drug addiction are particularly fruitful soil for crime. . . . The number of people using drugs is growing every year. The prevalence of drug addiction in the last five years has increased by over 300%. . . . The structure of drug-related diseases has also changed. While the proportion of hashish has fallen ...the proportion of opium has increased from 10.5% to 45% . . . clinics are treating about 2,500 drug

> addicts and occasional drug takers and around 25,000 alcoholics and alcohol abusers. However, the actual number of those using drugs . . . is about ten times higher than the officially registered number (Kyrgyzstan, NHDR 1997, p. 34 ff).

It is nonetheless difficult to gauge morbidity patterns systematically in these countries. For lack of significant data on the living, therefore, mortality data are used here as an indirect measure of their health. Mortality is summarized in terms of life expectancy (a measure of total mortality standardized for age and sex). Data are available also on the mortality of specific age and sex groups.

Life expectancy (average life-span at current rates of mortality) does not usually vary dramatically, so that annual changes exceeding one or two years are highly significant. The decline in male life expectancy of almost seven years between 1989 and 1994 in Russia, and similar, if slightly lesser, declines in the other ex-Soviet states (including the Baltic republics but excepting Armenia which apparently was little affected), are dramatic in this perspective, with no precedent in peacetime since record keeping began (table 26). Only slightly less dramatic is the reverse process that began in the Russian Federation and the Baltics in 1995 and elsewhere in the CIS in 1996 (no data for the Central Asian republics). Male life expectancy in Russia *rose* between 1994 and 1997 by over three years. Changes in female life expectancy in general mirrored those of men, although the changes were much less.

In Central and south-east Europe, life expectancy declined moderately early in transition, but began to increase again as from 1992/93. There has been a small though consistent fall in male life expectancy in Bulgaria and Romania, with virtual stability for women.

In summary, life spans in the former CIS are about 10 years less for men and seven years less for women than in countries of the European Union. On the other hand, it appears that by 1996 improvement had set in. Only two countries, both in south-eastern Europe, recorded a negative change that year; the remainder had increases in life expectancy in 1996 and 1997, some of them substantially so.

Life expectancy figures are an average over all age groups. More light can be shed by disaggregating mortality by age, for example, by selecting data on infant (under one) mortality, and on mortality of the group most affected (40 to 59). The figures on infant mortality in table 27 should be seen in historical perspective. Before transition, child mortality figures were relatively high in Eastern Europe (an average of 20 or so deaths of infants per 1,000 live births[37]) compared with typical rates in Western Europe of between 6 and 10 deaths per 1,000 live births. Rates declined in Eastern Europe before transition (though not perhaps as rapidly as governments wished) and would in normal conditions have continued to decline.

[37] A relatively high IMR of 26 (high compared to the West) in Russia in 1965/66, dropping by only four points, to 22, in the 14 years that followed.

Table 26a
MALE expectation of life, 1980-1997

	1980	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe											
Croatia	66.6	...	66.8	...	68.6	...	...	...	67.1	...	...
Czech Republic*	66.8	67.3	68.1	67.5	68.2	68.5	69.3	69.5	70.0	70.4	70.5
Hungary	65.5	65.1	65.4	65.1	65.0	64.6	64.5	64.8	65.3	66.1	66.4
Poland	66.9	66.9	66.8	66.5	66.1	66.7	67.4	67.5	67.6	68.1	68.5
Slovakia*	66.8	67.3	66.8	66.6	66.8	67.6	68.4	68.3	68.4	68.8	68.9
Slovenia	67.4	67.9	68.8	69.4	69.5	69.5	69.4	69.6	70.3	70.8	71.0
S.E. Europe											
Bulgaria	68.4	...	68.6	68.1	68.0	68.0	67.7	67.3	67.1	67.1	67.2
Romania	66.5	66.8	66.5	66.6	66.6	66.6	66.1	65.9	65.7	65.3	65.2
Albania	67.7	68.5	69.6	69.3	...	68.5	68.5	69.5	68.5	...	
FYR Macedonia	68.3	...	70.1	...	70.1	...	...	69.6	...	...	...
Yugoslavia	68.1	...	68.7	69.1	69.0	68.6	69.1	69.1	69.9	69.9	...
Baltics											
Estonia	64.0	65.0	65.7	64.6	64.4	63.5	62.5	61.1	61.7	64.5	64.5
Latvia	63.6	65.5	65.3	64.2	63.9	63.3	61.6	60.7	60.8	63.3	64.1
Lithuania	65.0	66.0	66.9	66.6	65.3	64.9	63.3	62.8	63.6	65.0	65.9
Caucasus											
Armenia	69.5	69.8	69.0	68.4	68.9	68.7	67.9	68.1	68.9	69.3	70.3
Azerbaijan	64.2	65.3	66.6	67.0	66.3	65.4	65.2	65.2	63.4	64.7	67.4
Georgia	67.1	67.4	68.1	68.7	...	...	...	...	...	...	...
Western CIS											
Belarus	65.9	67.4	66.8	66.3	65.5	64.9	63.8	63.5	62.9	63.1	62.9
Moldova	62.4	62.0	65.5	65.0	64.3	63.9	64.3	62.3	61.8	62.9	62.9
Russian Fed.	61.5	62.3	64.2	63.8	63.5	62.0	58.9	57.6	58.3	59.9	60.9
Ukraine	64.6	64.8	66.0	66.0	66.0	64.0	63.0	62.8	61.8	...	62.0
Central Asia											
Kazakstan	61.6	62.6	63.9	67.7	63.3	63.0	61.8	60.6	59.7	...	59.0
Kyrgyzstan	61.1	64.1	64.3	64.2	64.6	64.2	62.9	61.6	61.4	62.3	62.6
Tajikistan	63.7	65.3	66.8	66.8	67.6	...	...	64.1	65.5	...	...
Turkmenistan	61.1	61.1	61.8	62.9	62.3	...	...	...	61.8	61.9	62.1
Uzbekistan	64.0	64.3	66.0	66.1	...	...	...	...	67.8	67.8	...

* 1980, 1985 Czechoslovakia

A rise in rates or even stagnation is thus a sign of abnormality. In the Central European group, rates indeed stagnated between 1989 and 1992 but, ignoring minor fluctuations, have since been declining, a sign of improving child health.[38] Rates have also declined in Romania, FYR Macedonia, Yugoslavia and Estonia, in Lithuania since 1992, and consistently if slowly in Armenia since 1993. Elsewhere (notably in the Western group of CIS countries: Russia, Belarus, Moldova and Ukraine as well as in the two Central Asian republics with figures) they have risen or stagnated, in line, more or less, with stagnating economic conditions in general.

[38] Interpretation of the rates is complicated by a change in procedure as CITs adopted the WHO definition of infant deaths at different times between 1989 and 1996. A sudden rise in the child or infant mortality rate might be due to the change in definition. Moreover, in the republics of the former Soviet Union registration systems tended to degenerate, and the figures especially in these countries are therefore not fully reliable. Chance fluctuations also play a role in small countries with relatively few cases of child mortality. Small annual changes of 2 or 3 per 1000 in such countries, therefore, are not necessarily significant.

The CITs continue to be sharply differentiated in terms of infant mortality, as in GDP and most other major indicators. Rates in Slovenia or the Czech Republic are now comparable with those in Western Europe, whereas the Central Asian republics lag far behind.[39]

Table 26b

FEMALE expectation of life, 1980-1997

	1980	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe											
Croatia	74.2	...	74.8	...	76.0	...	...	...	75.7	...	...
Czech Republic*	74.0	74.7	75.4	76.0	75.7	76.1	76.4	76.6	76.9	77.3	77.5
Hungary	72.7	73.1	73.8	73.7	73.8	73.7	73.8	74.2	74.5	74.7	75.1
Poland	75.4	75.3	75.5	75.5	75.3	75.7	76.0	76.1	76.4	76.4	77.0
Slovakia*	74.0	74.7	75.2	75.4	75.2	76.2	76.7	76.5	76.3	76.7	76.7
Slovenia	75.4	75.3	76.7	77.3	77.4	77.3	77.3	77.4	76.8	78.3	78.6
S.E. Europe											
Bulgaria	73.6	...	75.1	74.8	74.7	74.5	74.6	74.9	74.9	74.6	74.4
Romania	71.8	72.8	72.4	72.7	73.1	73.2	73.2	73.3	73.4	73.1	73.0
Albania	72.2	73.9	75.5	75.4	...	74.3	74.3	75.6	74.3	...	...
FYR Macedonia	71.9	...	74.0	...	74.4	...	...	74.0	...	...	...
Yugoslavia	72.8	...	73.8	74.3	74.6	74.4	74.5	74.5	74.7	74.6	...
Baltics											
Estonia	74.0	75.0	74.7	74.6	74.8	74.7	73.8	73.1	74.3	75.5	76.0
Latvia	73.9	74.5	75.2	74.6	74.8	74.8	73.8	72.9	73.1	75.7	74.9
Lithuania	75.0	75.0	76.3	76.2	76.1	76.0	75.0	74.9	75.2	76.1	76.8
Caucasus											
Armenia	75.7	75.7	74.7	75.2	75.6	75.5	74.4	74.9	75.9	76.2	77.3
Azerbaijan	71.8	73.1	74.2	74.8	74.5	73.9	73.9	73.9	73.5	74.0	74.6
Georgia	74.8	75.1	75.7	76.1	...	...	...	...	...	...	...
Western CIS											
Belarus	75.6	77.2	76.4	75.6	75.5	75.4	74.4	74.3	74.3	74.4	74.3
Moldova	68.8	68.8	72.3	71.8	71.0	71.9	71.1	69.8	69.7	70.4	70.3
Russian Fed.	73.0	73.3	74.5	74.3	74.3	73.8	71.9	71.2	71.7	72.6	72.8
Ukraine	74.0	74.0	75.0	75.0	75.0	74.0	73.0	73.2	72.7	...	73.0
Central Asia											
Kazakstan	71.9	72.5	73.1	73.0	72.9	72.7	71.9	71.0	70.4	...	70.2
Kyrgyzstan	70.1	70.2	72.4	72.6	72.7	72.2	71.7	70.7	70.4	71.0	71.4
Tajikistan	68.6	70.8	71.7	71.9	73.2	...	...	68.7	72.2	...	...
Turkmenistan	67.8	68.1	68.4	69.7	69.3	...	...	...	...	...	67.5
Uzbekistan	70.7	70.8	72.1	72.4	...	...	...	...	72.6	72.7	...

*1980, 1985 Czechoslovakia

Sources (tables 26a and 26b): UNICEF, MONEE (the Central Asian values for 1994 to 1996 are from national Human Development Reports).

In Croatia and FYR Macedonia 1980 refers to 1981, 1989 to 1989-90; in Yugoslavia 1980 refers to 1980-81 for Serbia only;

1980 refers to 1970-80 in Azerbaijan, Georgia, Lithuania and Estonia;

1985 refers to 1985-86 in Estonia, Lithuania, Azerbaijan, Georgia, Kyrgyzstan.

[39] The gap would be greater still if the Central Asian republics used the international rather than the Soviet definition of infant deaths.

Table 27
Infant mortality rates, 1989 to 1997

	Concept	1980	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe												
Croatia	WHO	20.6	16.6	11.7	10.7	11.1	11.6	9.9	10.2	9.0	8.0	8.2
Czech Republic*	WHO	18.4	14.0	10.0	10.8	10.4	9.9	8.5	7.9	7.7	6.0	5.9
Hungary	WHO	23.2	20.4	15.7	14.8	15.6	14.1	12.5	11.5	10.7	10.9	9.9
Poland	WHO	25.5	22.0	19.1	19.3	18.2	17.3	16.1	15.1	13.6	12.2	10.2
Slovakia*	WHO	18.4	14.0	13.5	12.0	13.2	12.6	10.6	11.2	11.0	10.2	8.7
Slovenia	WHO	15.3	13.0	8.2	8.4	8.2	9.9	6.8	6.5	5.5	4.7	5.2
S.E. Europe												
Bulgaria	national	20.2	15.4	14.4	14.8	16.9	15.9	15.5	16.3	14.8	15.6	17.5
Romania	WHO	29.3	25.6	26.9	26.9	22.7	23.3	23.3	23.9	21.2	22.3	22.0
Albania	not known	50.3	30.1	30.8	28.3	32.9	30.9	33.2	35.7	34.0	25.8	...
FYR Macedonia	WHO	54.2	43.4	36.7	31.6	28.2	30.6	24.1	22.5	22.7	16.4	15.7
Yugoslavia**	WHO	33.9	33.7	29.3	22.8	20.9	21.7	21.9	18.4	16.8	15.0	14.3
Baltics												
Estonia	changed 1992	17.1	14.1	14.8	12.4	13.4	15.8	15.8	14.5	14.8	10.4	10.1
Latvia	changed 1991	15.3	13.0	11.1	13.7	15.6	17.4	15.9	15.5	18.5	15.8	15.3
Lithuania	changed 1991	14.5	14.2	10.7	10.3	14.3	16.5	15.6	13.9	12.4	10.1	10.3
Caucasus												
Armenia	changed 1995	26.2	24.7	20.4	18.3	18.0	18.9	17.8	14.7	14.2	15.5	15.4
Azerbaijan	Soviet	30.3	29.2	26.2	23.0	25.3	25.5	28.2	25.2	23.3	19.9	19.6
Georgia***	changed 1994	...	...	19.5	...	...	...	...	...	24.4	27.8	23.5
Western CIS												
Belarus	changed 1994	16.2	14.6	11.8	11.9	12.1	12.3	12.5	13.2	13.3	12.5	12.4
Moldova	Soviet	35.0	30.8	20.4	19.0	19.8	18.4	21.5	22.6	21.2	20.2	20.0
Russian Fed.	changed 1992	22.0	20.8	17.8	17.4	17.8	18.0	19.9	18.6	17.6	17.4	17.2
Ukraine	Soviet	16.6	15.9	13.0	12.8	13.9	14.0	14.9	14.5	14.4	14.3	14.0
Central Asia												
Kazakstan	Soviet	32.7	30.1	25.6	26.3	27.3	25.9	28.1	27.1	27.0	25.4	24.9
Kyrgyzstan	Soviet	43.3	41.6	32.2	30.0	29.7	31.5	31.9	29.1	28.1	25.9	28.2
Tajikistan	Soviet	58.1	46.8	43.2	40.7	40.6	45.9	47.0	40.6	30.9	31.8	27.9
Turkmenistan	Soviet	53.6	52.4	54.7	45.2	47.0	43.6	45.9	46.4	45.2	39.6	37.5
Uzbekistan	Soviet	47.0	45.3	37.7	34.6	35.5	37.4	32.0	28.2	26.0	24.2	22.8

Source: UNICEF, MONEE except for Georgia where it is the Ministry of Health of Georgia
*1980, 1985 Czechoslovakia
**1980, 1985 Serbia
***excludes Abkhazia and Tskhinvali

Box 2
Infant mortality rates—An example of the difficulties of interpreting data

The Department of Statistics (SDS) in Georgia obtains its figures of infant mortality from registration of births and deaths, the Ministry of Health (MoH) from records kept by hospitals and clinics, to which are added the registered deaths (obtained from SDS) that occurred outside institutions. The figures should be, but are not, the same or even similar. In 1997 the SDS reported a rate of 16.5 deaths per 1000 live births (according to one official spokesman, 15.3 according to another); the MoH 23.5. The differences were even greater in 1995 and 1996.

It is likely that neither figure is correct for the following reasons:

- Since 1995 issuance of birth and death certificates requires payment of between 10 to 15 laris (GEL). Particularly in rural areas, families with an infant death occurring soon after birth may see no reason to incur this payment. A child born in public institution would normally be recorded, and eventually counted by the MoH, but would escape the SDS. Children born outside public institutions would escape both systems. It is thought that between 5 and 10 per cent of births now take place outside public institutions (to avoid the cost, or because of dissatisfaction with the service provided there).
- The definition of a live birth in the former Soviet system differed from WHO's international definition. Under the Soviet system a child was considered not to have been a live birth (but a still-birth), for example, if the infant was born before the 28th week of pregnancy with a weight of less than 1000 g or a length below 35 cm and, although alive and breathing, died within a week of birth. In the international definition these cases would be initially considered as live births and subsequently as infant deaths. As a result, in identical conditions of births, a smaller number of infant deaths (and under five deaths that contain a large element of infant deaths, and similarly birth weight figures) would be reported under the Soviet than the international definition. The definition was formally changed in Georgia in 1994, but it is likely that the change was implemented only very gradually. Comparison of changes in rates before and after 1994 should be made with care.
- Further problems arise in the process of communicating the data from the more remote rural areas to the central level (the Ministry of Health, the State Committee of Statistics).

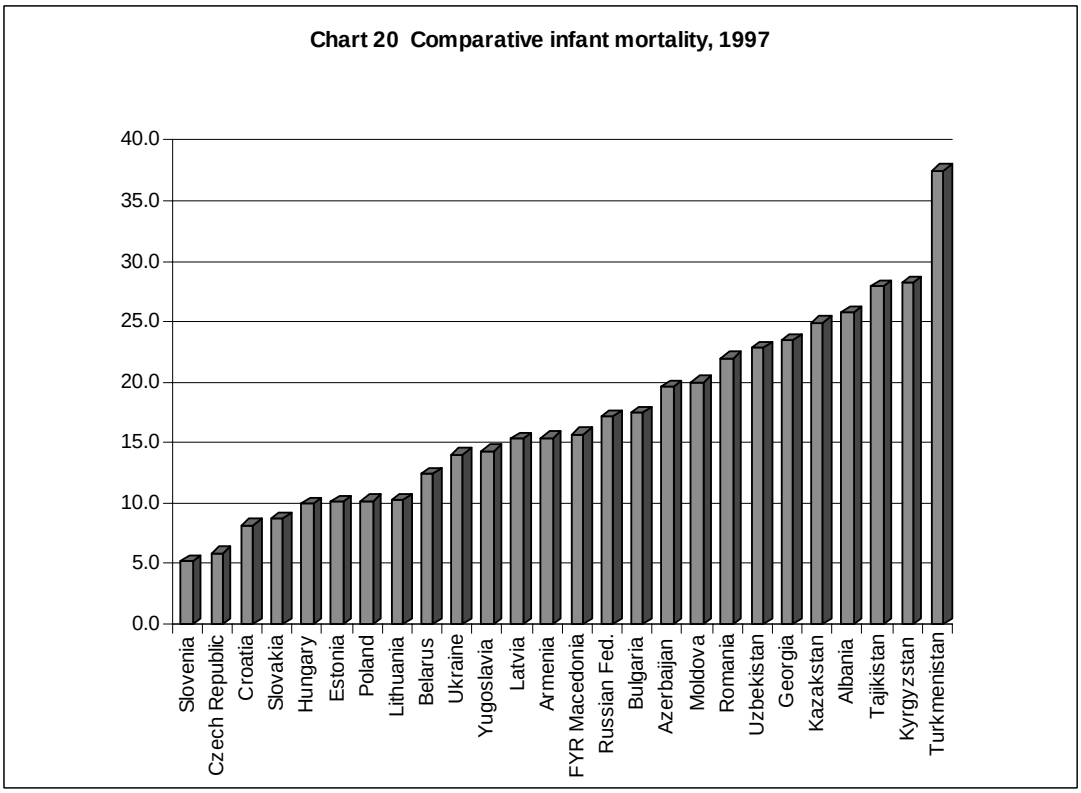
The end result is an approximation—useful in showing general trends over time, in comparing large areas, or in gender analysis—but quite unreliable in detail. The Ministry's figures are possibly better (they are certainly higher) than those of the SDS insofar as they take into account deaths in the institutions as well as registrations.

Georgia: Different calculations of infant mortality rates, 1980 to 1998

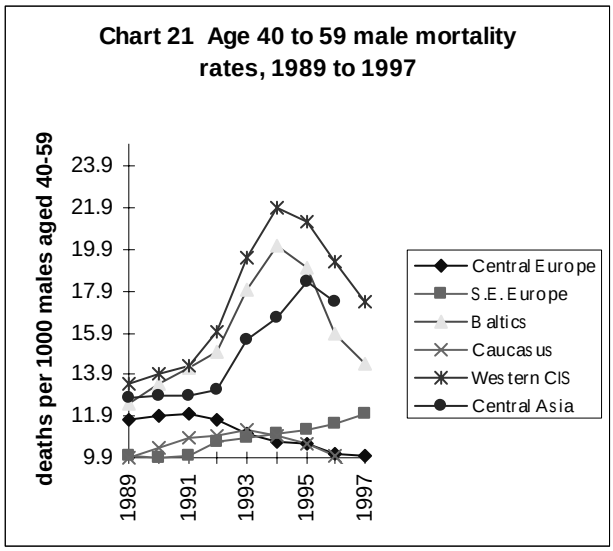
	1980	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
SDS variant	25.4	23.9	19.5	16.4	15.6	14.8	17.9	15.9	13.7	17.2	16.5	...
Ministry of Health variant	...	...	19.5	...	...	...	...	...	24.4	27.8	23.5	22.0

The rise in infant and child mortality has been small in comparison with the rise in some of the other age groups. The rise in adult mortality, especially male mortality at ages 40 to 59, has been much commented upon. The Central European countries were only marginally affected. All except Hungary recorded a decline in mortality at ages 40 to 59 as of 1991 or 1992. Male mortality first increased in the Baltic countries, but had reached a peak or begun to decline by 1995. The greatest rises were recorded in the Western CIS group (notably Russia and Ukraine), with smaller increases in Romania, FYR Macedonia and the two Central Asian countries with data (Kazakstan and Kyrgyzstan). The dramatic rise in Russia, up by almost 80 per cent from the 1989 level, may have reached a peak in 1994. The 1996 and 1997 figures are well below that of 1994. Female mortality in this age group (table

29 below) followed much the same pattern, though at a much lower level in all countries.



Maternal mortality is normally associated with deficient public health care. In view of the deterioration in health care, the statistics in table 28, which *a priori* would be expected to show an increase in mortality during the early years of transition at least, do nothing of the kind. There is no clear trend either way.



The reason may well be deficient statistics. Causes of death are not always correctly assigned by institutions anxious to avoid criticism. Moreover, because of the small absolute numbers of maternal deaths in the smaller countries the rates are

subject to random fluctuations, requiring care in analysis. Small changes should be discarded and three-year moving averages used instead of annual values.[40]

Table 28
Maternal mortality, 1989 to 1997
(maternal deaths per 100,000 live births)

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe									
Croatia	4	2	8	4	10	10	12	2	11
Czech Republic	9	8	13	10	12	7	2	6	2
Hungary	15	21	13	10	19	10	15	11	21
Poland	11	13	13	10	12	11	10	5	...
Slovakia	10	6	14	1	12	6	8	5	5
Slovenia	4	0	5	5	10	10	5	27	...
S.E. Europe									
Bulgaria	19	21	10	21	14	13	20	...	19
Romania	169	84	67	60	53	60	48	41	41
Albania	50	38	30	25	16	40	33	28	...
FYR Macedonia	17	11	12	9	6	12	22	0	3
Yugoslavia	17	11	13	9	18	13	12	7	14
Baltics									
Estonia	41	31	31	22	33	56	52	0	16
Latvia	46	24	32	41	30	58	37	40	43
Lithuania	29	23	20	21	13	16	17	13	16
Caucasus									
Armenia	35	40	23	14	27	29	35	21	39
Azerbaijan	29	9	11	18	36	44	37	44	31
Georgia	55	21	10	6	...	...	34	19	19
Western CIS									
Belarus	25	22	31	21	20	19	14	22	26
Moldova	34	44	26	37	33	18	12	41	48
Russian Fed.	49	47	52	51	52	52	53	49	50
Ukraine	33	32	30	31	33	31	32	30	25
Central Asia									
Kazakstan	53	55	48	57	50	48	57	53	59
Kyrgyzstan	43	63	56	50	45	43	44	32	63

Source: UNICEF, MONEE

Health and economic well-being

Maternal mortality apart, the question asked earlier is to what extent changes in mortality can be linked to the economic situation and to living conditions in general. Mortality rose especially in the CIS, in part sharply, with economic deterioration after 1989. Did it decline also with the moderate improvements after

[40] The same applies to numbers of abortions, often associated with maternal mortality. UNICEF MONEE figures obtained from governments show a rapid decline in the number of abortions in all the CITs except Armenia. However, as abortions in most of the countries are the principal means of controlling births, and as births greatly declined in numbers, so a decline in the number of abortions is unlikely. Many, if not all, of the figures derive from public institutions only, and ignore privately induced abortions. Statistics of both maternal mortality and abortions clearly need closer study.

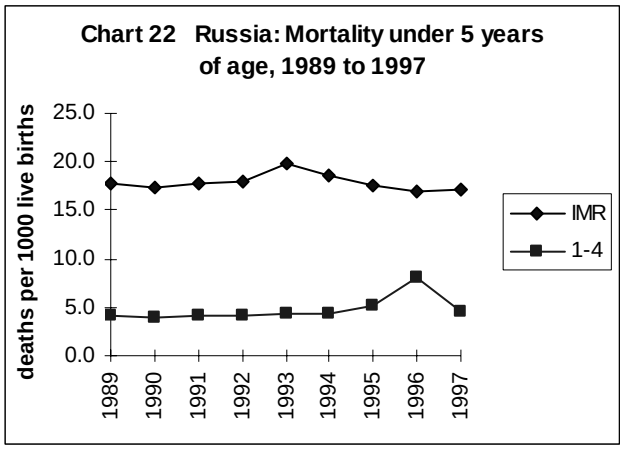
1995? The situation is confused. Infant and child mortality rose and fell without evident links with other factors. In Russia, for example, GDP declined fairly steadily from 1989, as did employment, whereas infant mortality fell (i.e., a favourable trend) in 1990, rose in the following three years, and declined thereafter (table 29 and chart 22).

Table 29

Russia: Age specific mortality rates 1980 to 1996

	1980	1985	1989	1990	1991	1992	1993	1994	1995	1996	1997
GDP for comparison (1989=100)											
	...	...	100	97	92	79	72	63	60	58	59
per 1000 live births											
IMR	22.0	20.8	17.8	17.4	17.8	18.0	19.9	18.6	17.6	17.4	17.2
1-4	...	...	5.0	4.9	5.4	5.7	6.5	5.3	5.8	4.6	4.5
Under 5	...	...	22.8	22.3	23.2	23.7	26.4	23.9	23.4	22.0	21.7
per 1000 population in age group											
5-19	...	...	0.69	0.69	0.74	0.76	0.83	0.81	0.88	0.80	0.73
male, 20-39	...	...	3.8	4.0	4.3	5.1	6.5	7.2	7.0	6.2	5.6
male, 40-59	...	...	13.9	14.4	14.4	16.5	21.1	24.1	22.4	19.7	17.4
60+	...	...	47.6	48.8	48.6	49.9	56.8	60.3	57.8	55.6	54.6
female, 20-39	...	...	1.0	1.0	1.1	1.3	1.6	1.7	1.7	1.6	1.5
female, 40-59	...	...	5.0	5.0	5.1	5.5	6.8	7.7	7.2	6.4	5.8

Source: UNICEF, MONEE

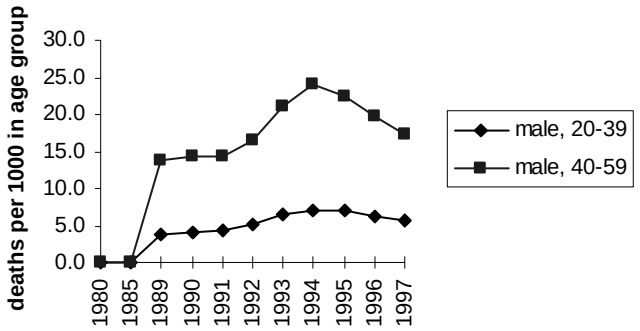


These figures are difficult to interpret. Given the degree of poverty, a sharper and more consistent rise in child mortality would have been expected. And this is the case also for countries like Tajikistan, Azerbaijan or Moldova where child or infant mortality *declined* after an initial rise, especially rapidly in Tajikistan, after 1993 or 1994 (table 27). A possible explanation is that because of the affection that children enjoy in Eastern Europe they would benefit from whatever scarce resources were available. Furthermore, perhaps, because of the sharp decline in fertility, resources could be concentrated on an increasingly smaller number of children. In this sense, child mortality would be a bad indicator of health in general.

The adult mortality rates are only a little more enlightening. Attempts have been made in the literature to explain the sudden rise in mortality among men in Russia and some other countries of the former USSR, especially of those aged 40 to 59 (in

Russia the rise was by 10 points between 1989 and 1994; table 29 and chart 23). Explanations rely on a wide variety of socioeconomic and cultural factors, most prominently the alleged excessive consumption of alcohol, which acts on bodily health directly as well as indirectly through accidents, homicides and the like, combined with a deficient diet, excessive smoking, and the mental stress of coping with an agonizing economic situation.

Chart 23 Russia: Mortality of males aged 20 to 59, 1989 to 1997



It is possible that the levelling out or reversal of the trend in mortality from 1995 or 1996 onwards in Russia and some other countries can be accounted for by the modest improvements in the economic situation. The explanation would be the more plausible if, thanks to the informal grey and black economies, the economy had improved significantly beyond the small changes shown by the official figures of GDP (table 1). There is no evidence, at any rate, that consumption of alcohol declined after 1994.

Housing and related services

Housing here includes the public services provided, such as water, electricity, gas, or the removal of garbage, as well as the dwelling itself and its facilities: bathrooms, flush toilets, central heating. Before transition, the cost of rent in mainly state-owned property was low or nil, as were fees for electricity, gas, water, central heating and other public services. On the other hand, bad housing conditions, including overcrowding, shared or shortage of facilities and the poor condition of buildings were widespread in Eastern Europe.[41] The situation in Georgia was fairly typical:

[41] Shortage of housing, or overcrowding, is normally measured in terms of persons per room, or in the former Soviet system in terms of square metres of liveable space per person. Standards vary, but a convenient yardstick would be one room per person, or 20-30 sq.m./person. Overcrowding would then be the proportion of households with more than one person per room, with less than 20 or 30 sq.m. of space per person, or some similar measure. Measures of this kind also allow for the fact that although residential space may be sufficient in aggregate, maldistribution may still cause overcrowding. Because of definitional differences between Soviet and Western concepts (households, dwellings, living space, rooms) comparisons over time would require great care. The use of dwelling (or house or apartment) as a concept unrelated to the number of occupants and size of dwelling is of little use as a measure of residential density. Very few valid and relevant data exist on housing conditions in Eastern Europe and the CIS.

> Despite large amounts of new housing built in Georgia annually in previous years (*over a million and a quarter sq.m. in 1987*) it was not enough to satisfy the needs and demand due to rapid growth of urban population and the common desire to improve living conditions. Before the disintegration of the USSR, in 1989 the number of families officially registered as being in need of new housing reached 152,033, including 81,058 who had no flats or were living in conditions which did not meet existing norms, and 32,422 families living in ancient or badly deteriorated houses . . . The amount of housing in good condition (deterioration no more than 20%) reached just 26% of the total . . . (Georgia, NHDR 1996, p. 81ff).

In Belarus, similarly, about one quarter of all households (624,000), most of them urban, were on waiting lists for new housing.

In the USSR, moreover, shoddy tenements built in the 1960s and 1970s created quasi-slums, laying the foundations for a marked social as well as geographic polarization between tenants in the better parts of the city centres and those in the, usually suburban, tenements. This polarization is being accentuated by the market forces that followed privatization.

Transition brought change, little of it designed to ease the evident housing shortage. In the first place, the construction of new housing declined sharply after 1989. Table 30 shows that new housing in some of the countries was by 1995 down to less than one tenth of the 1990 figure.[42]

Depending on movements of population into and out of the country, overcrowding would, if anything, be worse now than in 1989. Second, because of lack of maintenance the condition of housing further deteriorated (plumbing, stairwells, railings, elevators, electric cables, garbage removal, etc.). Third, housing in many of the CITs was privatized, especially in urban areas (most rural housing was already owner-occupied). Occupiers obtained ownership of their housing for only a small payment. Privatization resulted in a commercial housing market with problems new to Eastern Europe, if in part painfully familiar in the West:

> The introduction of market mechanism into the housing market has brought about new factors . . . . : private enterprises, developers, contractors, commercial bank landlords, real estate agents and servicing companies. . . . Among the obvious gains . . . are the widening of people's choices of living conditions. Nonetheless, the introduction of market mechanisms coincided with economic decline and massive structural change which have reduced government spending and thus its ability to mitigate the discriminatory effects of the developing market on disadvantaged population groups (Lithuania, NHDR 1996, p. 69).

In Yugoslavia:

> In 1994, . . . in order to purchase an average sized apartment a buyer would have to give the equivalent of 17 average annual family incomes. Moreover, in order to rent an apartment, the tenants would have to pay 62% of a family's monthly combined income. Today, the situation has still not improved (Yugoslavia, NHDR 1996, p. 85).

[42] "Just four houses with a total area of 15,489 sq.m. were built in Georgia's capital Tbilisi during 1995" (Georgia, NHDR 1996, p. 61).

Table 30

New dwellings completed (thousands), 1990 to 1995

	1990	1991	1992	1993	1994	1995
Central Europe						
Croatia	19	13	8	8	10	7
Czech Republic	45	42	36	32	18	13
Hungary	44	33	26	21	21	25
Poland*	134	137	133	84	76	67
Slovakia	25	21	16	14	7	6
Slovenia	8	6	7	8	6	...
S.E. Europe						
Bulgaria	26	19	18	11	9	7
Romania	49	28	28	30	37	36
Albania	...	...	...	...	...	...
FYR Macedonia	10	8	7	6	5	...
Yugoslavia	45	31	25	19	17	...
Baltics						
Estonia	8	5	3	2	2	1
Latvia	13	7	5	4	3	2
Lithuania	22	15	13	8	7	6
Caucasus						
Armenia	...	...	...	...	4	3
Azerbaijan	34	29	25	17	9	7
Georgia	12	10	5	2	1	1
Western CIS						
Belarus	86	84	71	59	51	27
Moldova	24	18	15	8	8	7
Russian Fed.	1044	828	682	682	611	602
Ukraine	289	232	227	189	147	120
Central Asia						
Kazakstan	114	85	67	48	29	20
Kyrgyzstan	20	17	14	7	5	4
Tajikistan	28	20	10	8	3	2
Turkmenistan	21	24	20	19	17	...
Uzbekistan	126	113	86	76	66	61

UNECE, **Trends in Europe and North America**, 1996/97

*The 1995 figure is provisional

Fourth, the cost of gas, electricity and central heating increased sharply in line with world prices, well beyond the financial means of most occupiers, given the economic hardship generally. In some countries, Armenia and Georgia for example, electricity and gas supplies were severely reduced in consequence, and district heating disappeared without replacement.

> One of the most urgent problems today (*1997*) is the increase of prices for housing and utilities. It seriously affects the poor. Utility prices are growing much faster than salaries. In the first quarter of 1996 average salary increased by 2.6%, and utility prices by 30% (Kazakstan, NHDR 1997, p. 61).

In Georgia, housing conditions, in line with everything else, deteriorated further:

> When immediately after Independence the central heating in towns failed... the results were considered only as a discomfort which could . . . be neutralised by electric heaters and constantly leaving gas ovens burning (*in the absence of gas bills at that time!*). Gradually electricity supply also became less reliable . . . until the cessation of the natural gas supply undermined traditional patterns of life. The population simultaneously lost supplies of fuel for both cooking and heating, with resultant panic and confusion. . . . People usually collected anything they were able to burn and some families cooked dinner together on fires in yards or on communal balconies of large houses. . . . Whole blocks and even districts of the capital might stay without electricity for days or even for weeks. In many places water supply (*dependent on electric pumps*) started to fail as well. The simplest procedures like taking a bath or washing clothes turned into serious problems (Georgia, NHDR 1996, p. 83).

If there was no improvement in objective terms, Georgians at least learned to adapt to a difficult situation:

> In the winter of 1996, the situation (*of hardship caused by the absence of fuel*) was repeated but with some differences. People had quickly adapted to already customary shortages. . . . Kerosene and liquid gas became available. Even the poorest families bought kerosene stoves for cooking. The richer preferred liquid gas . . . Those better off also started to instal electric water heaters and new electric ovens (p. 83).

Elsewhere, also, conditions improved in the course of transition, if only marginally, or else people adapted. In Estonia for example, the supply of certain facilities, such as central heating, microwave ovens or colour TV increased, others, such as washing machines, declined. As the Estonian NHDR 1997 points out, the figures are not conclusive. Much of the machinery was rapidly ageing, and was too costly to replace regularly.

Table 31

Estonia: Facilities and household possessions, 1993 and 1997

	% of households with	
	1993	1997
Central heating	62	74
Washing machine	86	80
Microwave oven	5	15
VCR	10	20
Colour TV	76	88
Telephone	52	66

Source: Estonia, **NHDR** 1997, p. 47

As shown in table 32, the rural infrastructure seems to have improved between 1990 and 1995, at least in Romania. No figures are available for the region as a whole.

Table 32
Romania: Supply of drinking water, drains, gas and public transport, 1990 to 1995
(Number of towns and villages supplied)

	1990	1991	1992	1993	1994	1995
Running water	2,331	2,320	2,366	2,459	2,556	2,653
Public drains	522	528	542	554	621	731
Natural gas	542	545	573	578	586	607
Public transport	181	177	175	169	163	163

Source: Romania, **NHDR** 1997

Problems remain in the CIS as a result of the deterioration of water and sewerage installations.[43]

Other problems in the process of transition are specific to individual countries. Thus, in the Baltic countries for example, litigation arose over claims to housing by former owners, dispossessed in the years following occupation by the Soviet Union, and the rights of tenants in such housing:

> As a result of the property reform (restitution of housing to pre-1945 owners) tenants of the so-called restituted houses find themselves in a relatively difficult situation. . . . They are not able to privatise their housing by using their privatising bonds. . . . In most cases tenants continue as tenants in privately owned rental housing. In the worst case, tenants have to move out (Estonia, NHDR 1997, p. 40).

In countries with large numbers of refugees and internally displaced persons (IDPs), such as Azerbaijan or Georgia, accommodation continues to pose a real problem. Of the 610,000 IDPs in Azerbaijan 15 per cent continued (in 1998) to live in purpose-built camps and settlements, 49 per cent in public buildings (schools and the like), 36 per cent in "ordinary" housing (which included railway carriages, tents, mud and reed houses, dug-outs and degraded public buildings). Conditions are said to be worst in the "ordinary" housing (Azerbaijan, NHDR, p. 92 ff).

In the absence of comparable statistics, especially on very recent changes, it is difficult to obtain a systematic picture of the housing situation, or to know whether it has begun to improve in line with economic improvement since 1996. The occasional references in NHDRs suggest, at best, adaptation to bad conditions rather than change for the better.

[43] The text in the box was supplied by Akaki Zoidze, Ministry of Health, Georgia.

Box 3
Water and hygiene in Georgia

One of the positive bequests left by the Soviets is a well-developed infrastructure of drinking water and sewage disposal. Almost 97 per cent of the urban and 72 per cent of the rural population have access to piped drinking water (according to a 1997 SDS household survey). The remainder of the rural population uses both protected and unprotected wells. However, the ever-present lack of funds for maintenance and rehabilitation of this extensive infrastructure for the past 10 years has resulted in serious corrosion of the system. According the Sanitary Hygienic Department of the Ministry of Health, over 80 per cent of all water supply systems across the country require major upgrading. Water pipes are damaged, and up to 20 per cent of total water is lost. Leakage also contributes to the deterioration of water quality while it is in the pipes.

Widespread energy cuts throughout the year, and particularly in winter, cause chronic discontinuity of public water supplies. In many regions of Georgia, including major cities, where pumping is part of the process, water is supplied for only two to three hours per day. Because of the erratic nature of the system, quality declines and there is increased possibility of contamination through the inflow of sewage. Several outbreaks of waterborne infectious diseases have occurred in recent years. A serious outbreak of bacillary dysentery took place in Rustavi in 1997; up to 200 cases of shigellosis were also reported in that year.

Increased microbiological contamination of water was thought to be one of the major factors in the outbreak (in the summer of 1998) of amoebiasis in Tbilisi. An increase in waterborne intestinal diseases in south Georgia (Gardabani, Marneuli) and among IDPs in the Zugdidi region is other evidence of major problems in the public water supply. The situation is further complicated by the absence of laboratory equipment and necessary reagents for the monitoring of water quality and measurement of chemical and bacteriological pollution of the drinking water. Regular sampling of water in line with basic quality control is impossible. Sampling that does take place is selective and incomplete.

Even with irregular monitoring, the sampling results are discouraging: more than 65 per cent of the samples throughout Georgia exceed the standard limits of faecal colliforms. The total count of colliforms in the Mtkvari river, which serves as a major source of recreation as well as of drinking water for most of east and south Georgia, exceeds 150,000 per litre. In the absence of proper treatment (and interruption in supply) this poses a serious health threat to infants and children, in particular, who are more vulnerable to waterborne diseases than adults.

Compared to the supply of drinking water, the provision of sewerage disposal is less impressive: 21 per cent of the rural population has access to public sanitary services, 81 per cent of urban residents have toilets which flush to sewerage systems. Like the water supply system, the sewerage system has depreciated significantly during the years of crisis and, as noted above, represents a major risk to drinking water because of potential contamination, particularly in major cities.

Several steps have been taken during the last two years by the government to improve the depreciating water and sanitation infrastructure. The World Bank lent $35 million to set up a Municipal Development and Social Investment Fund in 1996-1998. The rehabilitation of water supply and sewerage systems both in urban and rural areas are prime targets for these funds. In addition, during the last three years local municipalities have slowly but steadily increased the share of local budgets allocated for this purpose. Nevertheless, the problem is still far from being solved. A sizeable gap remains between the required funds for upgrading the infrastructure to minimally acceptable levels and available funding from all sources.

◆ Education and Culture

Education

Education under the Communist regimes was free, widely available, with virtually full enrolment during the compulsory stage (ages 6/7 to 14/15)[44] and high rates of enrolment at upper secondary level. Girls shared schooling equitably with boys. Criticism has since been levelled at quality and content of the system. Education was said to be insufficiently geared to individual children, as well as excessively specialized at the upper secondary level as regards subjects, thus restricting opportunities. The system was also accused of putting undue emphasis on learning facts rather than their application. Excessive central control was said to result in inefficiency (e.g., once allocated in budgets money tended to be spent irrespective of real needs, since otherwise it would be removed from subsequent allocations). Children were said to be selected for higher forms of education on the basis of parental affluence and influence, ethnicity or geographical location rather than academic ability.[45]

Both positive and negative features of the pre-transitional era in education have been carried forward to the transitional period, and are being gradually modified in the light of international experience. However, new problems are caused by economic austerity.

One link between economic growth and the provision of public services is the amount that governments are able or willing to spend on a service from their central budgets. Figures of public budget expenditure (such as those in table 33) are problematic for four reasons. First, services (for example, in education) were, in the past, provided by enterprises as well as from the budget. This is no longer the case. Second, private education, not related to the public budget, is on the increase. Third, money spent may not be a good indicator of the *quality* of the actual services provided. Fourth, insofar as the budgetary contribution is calculated as a percentage of GDP, and because GDP itself declined during the period, the figures should be adjusted to reflect this decline (as in table 33).[46] In Latvia, for example, the percentage of current GDP spent on education was more or less stable. As GDP decreased, however, the real amount spent on education dropped from 5.8 per cent of GDP in 1989 to 3.4 per cent in 1997 (table 33). Statistical aberrations apart, the figures in table 29 suggest, except in countries of Central Europe, a considerable decline in funding for education between 1989 and 1996. As shown in table 33 and chart 24, the decline was small in the Czech Republic and very large in Georgia; both are typical of their sub-regions.

[44] With some national deviations the common system is broadly as follows: *Voluntary*: (i) creches (under 3 years of age), (ii) kindergarten 3 to 5/6. *Compulsory*: basic education 6/7 to 14/15 (alternatively called primary plus lower secondary). *Post-compulsory*: secondary (or upper secondary) divided into the following streams: (i) general - 4 years academic, (ii) technical 5 years, (iii) vocational 1-3 years (for specialized employment). General secondary and technical lead to higher education on a selective basis.

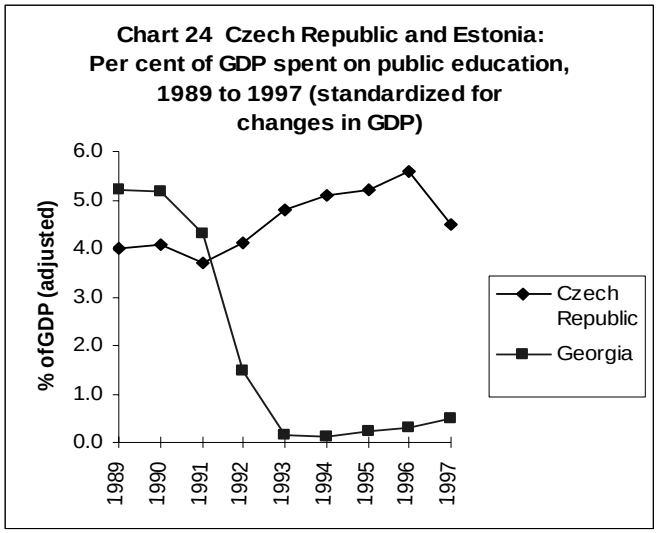
[45] A good account of education in transition is given in UNICEF, International Child Development Centre, **Education for All**, Regional Monitoring Report No. 5, Florence, 1998.

[46] Other commonly used measures are expenditure on education as per cent of total budget expenditure, which should also be adjusted for changes in the total budget, or expenditure per child, with an adjustment for inflation.

Table 33
Proportion of GDP spent on public education in selected countries, 1989 and 1997

	1989	1997	
	Actual Expend. in 1989 % of 1989 GDP	Actual Expend. in 1997 % of 1997 GDP	Standardized Expend. In 1997 % of 1989
Czech Republic	4.0	4.7	4.5
Albania	4.0	3.2**	2.8**
Bulgaria	5.0*	4	2.8
Latvia	5.8	5.8	3.4
Russian Fed.	3.7*	8.9	5.0
Georgia	5.2	1.6	0.5
Kyrgyzstan	7.5	5.2	3.3

* 1990
** 1996
Basic figures before adjustment from UNICEF, MONEE, and for Georgia from the Ministry of Finance of Georgia



Schools

Financial inputs apart, losses or benefits that accrue to the population in education are normally recorded, for lack of better statistics, in terms of the proportions in the respective age groups enrolled at various levels of education. Gross enrolment ratios in basic education for the 6/7 to 14/15 age group (table 34) were, in most of the countries other than in Central Europe, lower in 1996 than in 1989, though often only marginally.[47]

The figures of secondary education in table 35, on the other hand, suggest a fairly definite, though complex, pattern of change. General secondary education declined

[47] Data are available only for gross rates, which include enrolment of children who, based on age, should be in other grades (in basic education children below 6 and above 15). Governments have begun to compile *net* figures (which exclude children of the "wrong" ages), but so far few of these are available for the region).

in the Central Asian and trans-Caucasian republics and Moldova, for example, but remained stable or rose elsewhere (most notably in Romania). Technical schooling dropped, sometimes sharply, in most countries, but rose in Central Europe. (It fell in Croatia, however, where vocational schooling rose to compensate.) Vocational education, formerly aimed at specific kinds of employment and partly managed by enterprises, declined in most of the countries, although not in the Baltics. Hungary and Kyrgyzstan are shown as examples in chart 25.

Table 34

Basic enrolment ratios (gross rates, enrolment in basic education as per cent of age group (6/7 - 14/15), 1989 to 1997

	Age group	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe		**98**	**98**	**97**	**97**	**97**	**97**	**97**	**97**	**99**
Croatia *	7-14	96	94	81	79	85	89	88	89	...
Czech Republic	6-14	98	99	99	99	99	100	99	99	99
Hungary	6-14	99	99	99	99	99	99	99	99	99
Poland**	7-14	98	98	97	97	97	97	97	97	98
Slovakia	6-14	97	97	98	100	100	97	97	96	...
Slovenia	7-14	96	97	97	98	98	97	97	100	100
S.E. Europe		**95**	**93**	**91**	**86**	**86**	**87**	**87**	**88**	**89**
Bulgaria	6-14	98	99	97	95	94	94	94	94	95
Romania	7-14	94	90	89	90	90	91	93	94	95
Albania	6-13	91	91	89	86	87	88	...	...	...
FYR Macedonia	7-14	...	89	87	86	86	87	87	87	...
Yugoslavia** ***	7-14	95	95	94	73	74	73	72	73	72
Baltics		**95**	**94**	**94**	**92**	**91**	**91**	**92**	**93**	**94**
Estonia	7-15	96	95	94	92	92	91	92	93	94
Latvia	7-15	96	96	95	91	89	89	90	90	91
Lithuania	7-14	94	93	93	93	92	92	93	94	96
Caucasus		**93**	**93**	**91**	**89**	**88**	**88**	**88**	**89**	**93**
Armenia	7-14	96	95	92	91	86	82	81	83	83
Azerbaijan	7-15	90	91	91	91	92	94	94	95	97
Georgia*****	7-15	95	95	92	83	82	81	80	81	...
Western CIS		**93**	**94**	**94**	**92**	**91**	**91**	**91**	**91**	**91**
Belarus	7-15	96	95	94	94	94	94	94	94	94
Moldova****	7-14	96	96	94	80	80	79	80	79	79
Russian Fed.	7-15	93	94	94	93	92	91	91	91	91
Ukraine	7-15	93	92	92	91	90	91	91	91	91
Central Asia		**93**	**92**	**91**	**90**	**89**	**89**	**89**	**88**	**89**
Kazakstan	7-15	94	93	93	92	92	91	91	90	89
Kyrgyzstan	7-15	93	92	91	90	90	89	89	89	89
Tajikistan	7-15	94	94	94	90	85	86	87	85	86
Turkmenistan	7-15	94	95	93	92	92	92	84	83	83
Uzbekistan	7-15	92	91	88	88	88	89	...	89	90

Source: UNICEF, MONEE

Gymnasia, dance and vocational schools excluded in some countries

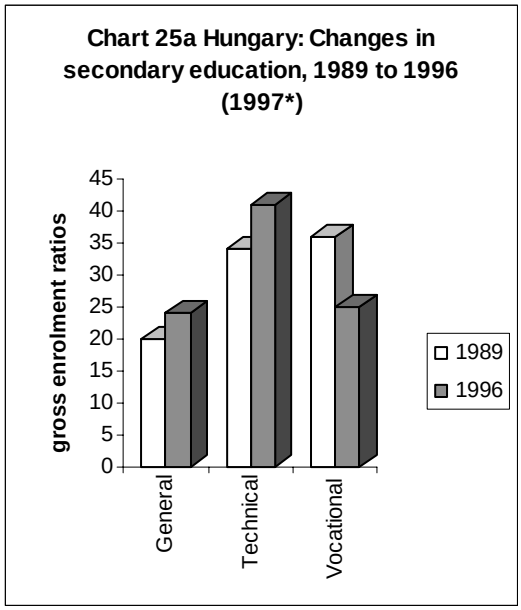
* some areas not reported in 1991-1995

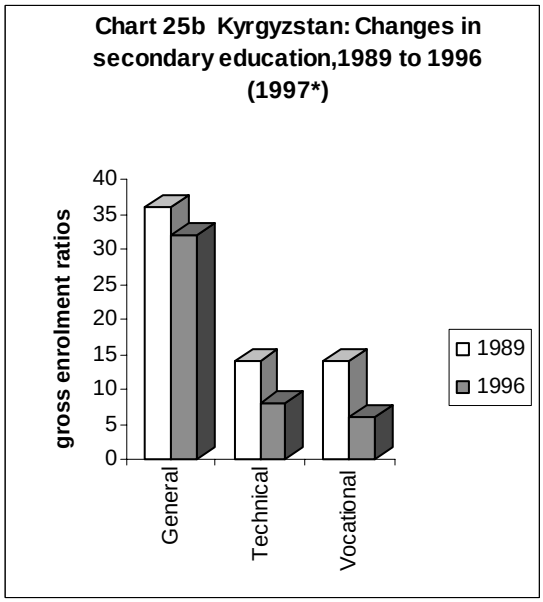
** net rates

*** excludes ethnic Albanians in Kosovo-Metohija in 1991/92-1995

**** excludes Transnistria in 1992-1996

***** excludes Abkhazia and Tskhinvali





*General secondary to 1997; technical and vocational to 1996

As noted, however, the problem in education is not only with enrolment. Enrolment can be a purely bureaucratic act at the beginning of the school year. Once enrolled, children may not attend, attend only irregularly, leave school before the end of the school year or swell the figures by repeating courses. [48] The problem is, rather, with the quality of education. Indicators of quality on the other hand are especially difficult to obtain for purposes of cross-national comparison, but they may be available in individual countries. Thus, the proportions graduating to higher levels of education is said to be a good indicator in Moldova, where:

[48] The Bulgarian NHDR 1998 notes: "The really serious problem in the field of education remains the ever-growing drop-out tendency, especially among children from ethnic communities" (p. 51).

> . . . in 1996 21,311 graduated from school. Of these 14,862 passed the entrance exams to universities (this is) 60-70%, which is a very good indicator which needs to be maintained (Moldova, NHDR 1997, p. 64).

Kyrgyzstan provides another example: as of 1997 textbooks are said to be of low quality and available only at the rate of one book for every three pupils; teachers, especially specialist teachers in foreign languages and the sciences, are in short supply (in large part because of low salaries, often long in arrears); one quarter of the school buildings are in urgent need of renovation, 9 per cent in dangerous condition; one third of the school population attend on a two- or three-shift basis; school meals are no longer provided (Kyrgyzstan, NHDR 1997, p. 29ff).[49]

In Armenia:

> Since 1990 the number of schools and teachers has increased somewhat while the number of school children has dropped. However, these data do not reflect qualitative changes. Only . . . a mere 20.5 dram (US$ 0.04) per child was allocated to education and culture in the 1997 state budget. Qualifications of teachers have declined; high marks are 'sold' to students; students become demoralised; only about 60 per cent complete secondary school. Further: vulnerable groups (especially inhabitants of rural areas) are deprived of the opportunity to receive not only higher education but secondary education as well. Many rural schools lack qualified staff, and their graduates cannot pass entrance examinations at state-run institutions of higher learning. The number of students who receive scholarships from the state is decreasing, and the majority of the population is not able to pay for education (Armenia, NHDR 1997, p. 54ff).

In Croatia:

> The professional qualifications of teachers are still a major problem (particularly in foreign languages, mathematics, physics and computer science) as better salaries are offered outside education. . . . The teaching equipment in schools do not satisfy the overall needs of the pupils . . . (Croatia, NHDR 1997, p. 30).

[49] Pupil/teacher ratios are commonly used as an indicator of quality. Ratios tend to be low, i.e., favourable in the countries of the former USSR (often much lower than in Western schools) because of the large number of specialist teachers (many of them part-time).

Table 35

Changes in various types of secondary education, 1989 to 1996 or 1997

(gross rates, enrolment ratios, age group 15-18 for secondary and technical, 15-17 for vocational)

	General		Technical (T)		Vocational (V)		Years, if different
	1989	1997	1989	1996	1989	1996	from those shown
Central Europe							
Croatia	...	19*	51	31	8	27	V, T 1992-96
Czech Republic	16	19*	25	23	48	32	V 1989-95
Hungary	20	24	34	41	36		25
Poland	21	31*	35	41	38		27
Slovakia	16	22	27	35	37		25
Slovenia	...	21*	...	36	...		28
S.E. Europe							
Bulgaria	31	31	47	42	0.4		0.7
Romania	4	21	67	24	20		17
Albania	20	29*	35	8	...		...
FYR Macedonia	...	19	55	41	...	...	T 1991-96
Yugoslavia	...	14	10	9	8	4	T,T 1989-95
Baltics							
Estonia	37	45	18	16	20	22	V 1990-96
Latvia	22	32	25	13	22	20	T,V 1990-96
Lithuania	34	40	10	12	11	12	V 1992-96
Caucasus							
Armenia	36	30	21	9	11		3
Azerbaijan	33	32	11	6	17		4
Georgia	39	24**	18	13	19		12
Western CIS							
Belarus	28	28	26	21	33		21
Moldova	29	19	19	11	23		12
Russian Fed.	24	29	29	23	25		19
Ukraine	26	27	27	21	23		12
Central Asia							
Kazakstan	30	27	22	15	19	11	V 1990-96
Kyrgyzstan	36	32	14	8	14		6
Tajikistan	42	23	10	5	10	8	V 1989-94
Turkmenistan	39	...	12	...	12	4	V 1990-95
Uzbekistan	38	29	17	11	17	11	V 1990-95

Source: UNICEF, MONEE

*1996, **1995

The financial situation has also caused problems in Russian education as school buildings deteriorate, shift work increases, salaries decline and fall into arrears. An assistant professor's salary was 28 per cent of the average national salary, which has led to large-scale strikes. However, the NHDR does report some very positive developments. Thus, although vocational and technical training of adolescents declined:

> . . . many of these (*i.e., vocational and technical*) schools are now playing an increasingly active role in organising retraining programmes for adults, including programmes for the unemployed. As compared with 9,000 such students in 1990 there were 200,000 in 1996. The training of medium level specialists has not changed but the number of colleges offering a four-year course has doubled. The number of specialists trained in 'redundant' professions has gone down, while the number of individuals taking courses related to the development of the market economy . . . has been increasing. . . . Thus Russia's educational system has not only survived under the most difficult financial conditions . . . but has managed in many respects to reach today's requirements (Russian Federation, NHDR 1997, p. 40ff).

Pre-schools

Kindergarten enrolment is a more sensitive indicator of economic hardship than enrolment in basic education, partly because enrolment in kindergarten is not compulsory, partly because it increasingly involves a financial obligation to households as well as governments. Little change is recorded in table 36 in the Central and south-eastern European countries except for decline in Slovakia between 1989 and 1991, increase in Slovenia since 1993, decline in Albania, and some, possibly random, fluctuation in Romania. The changes are greater in the former USSR. The Baltic countries experienced decline, followed by partial recovery—notably Latvia and Lithuania. On the other hand, all the countries of the CIS, except Belarus, have experienced considerable decline in pre-school enrolment even if, as in Russia, the trend has recently levelled out. [50]

[50] Nonetheless: "The collapse of the pre-school education system is causing great concern. The building of new pre-school establishments has virtually stopped" (Belarus, NHDR 1997, p. 55).

Table 36

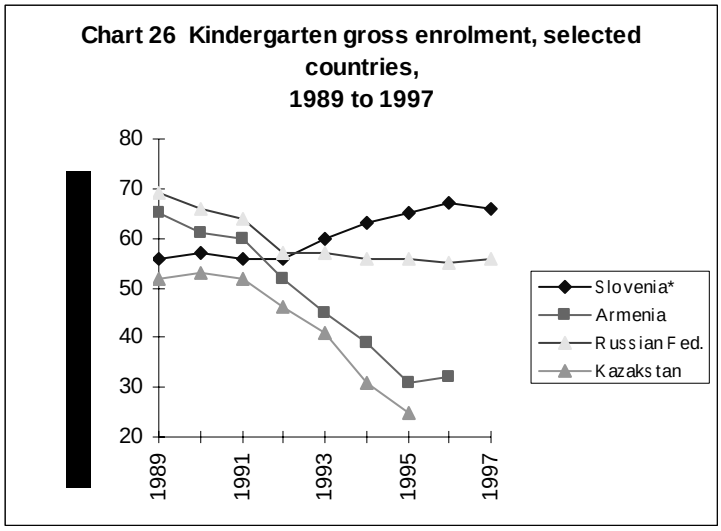
Kindergarten gross enrolment ratios, 1989 to 1997

	Age group	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe										
Croatia	3-6	29	29	19	20	20	26	31	31	...
Czech Republic	3-5	90	90	90	83	85	87	89	89	83
Hungary	3-5	86	85	86	87	87	86	87	87	86
Poland	3-6	49	47	44	43	43	44	45	47	48
Slovakia	3-6	92	84	76	78	78	75	70	75	...
Slovenia*	3-6	56	57	56	56	60	63	65	67	66
S.E. Europe										
Bulgaria*	3-6	64	64	56	57	56	58	62	63	59
Romania	3-6	63	54	52	53	50	55	58	55	53
Albania	3-5	43	44	36	27	27	27	...	...	...
FYR Macedonia	3-6	...	26	24	25	26	27	28	...	...
Yugoslavia	3-6	24	24	22	21	22	25	26	28	29
Baltics										
Estonia	3-6	62	67	61	54	56	59	63	67	70
Latvia	3-6	53	45	37	28	33	40	47	51	52
Lithuania	3-6	64	59	64	39	30	35	36	40	42
Caucasus										
Armenia	3-6	65	61	60	52	45	39	31	32	...
Azerbaijan	3-6	21	20	19	18	18	16	15	14	13
Georgia	3-6	44	43	39	30	27	19	20	21	20
Western CIS										
Belarus	3-6	63	63	63	58	58	61	62	64	67
Moldova**	1-6	63	61	59	42	37	35	32	32	32
Russian Fed.	3-6	69	66	64	57	57	56	56	55	56
Ukraine	3-6	65	62	61	58	55	52	48	45	42
Central Asia										
Kazakstan	3-6	52	53	52	46	41	31	25	...	12
Kyrgyzstan	1-6	31	30	27	23	13	9	8	8	7
Tajikistan	1-6	17	15	14	12	12	11	8	7	...
Turkmenistan	1-6	36	35	35	34	34	32	26	22	21
Uzbekistan	1-6	39	39	38	34	33	31	28	23	...

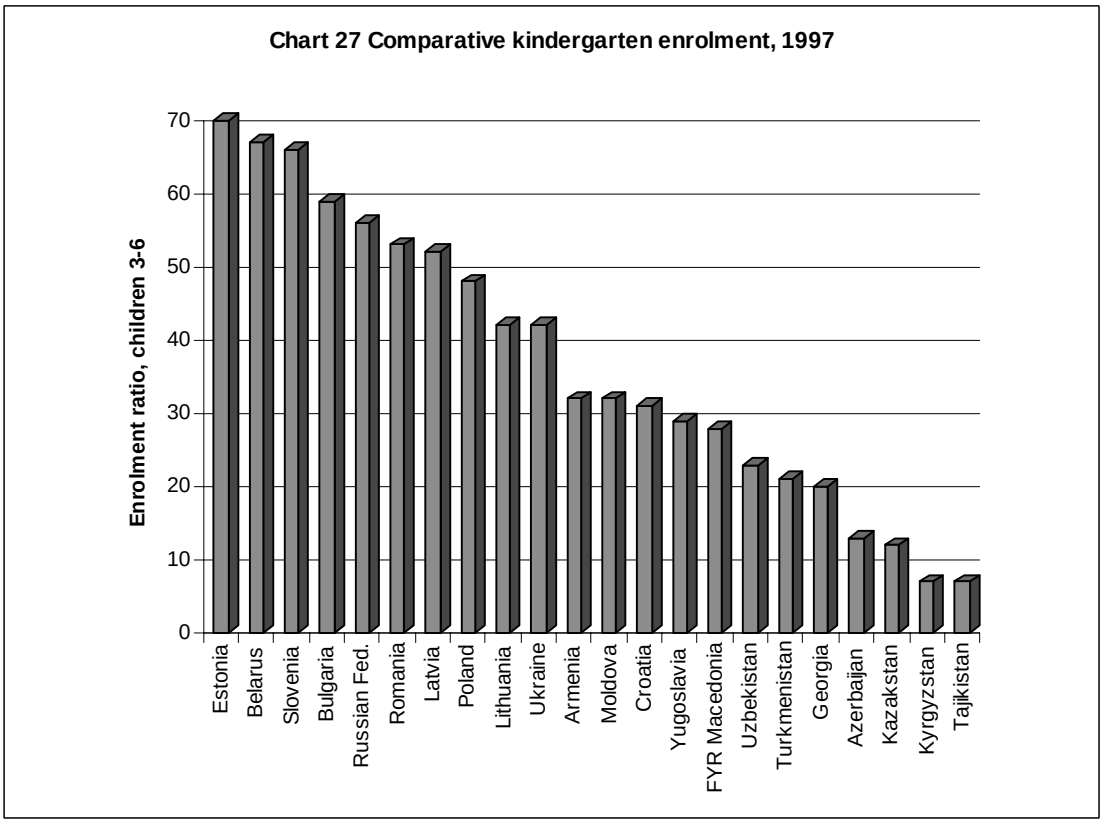
Source: UNICEF, MONEE

*public schools only

**excluding Transnistria in 1992-96



The range among CITs as regards kindergarten enrolment continues to be very high, with Estonia at one end of the range and Tajikistan at the other.



Higher education

The problems with public higher education have been, similarly, inadequate budgets, low staff salaries and sometimes outdated curricula and teaching methods:

> In spite of the impressive figures (*of institutions and enrolment*) . . . higher education is seriously deficient. The present system consists of two equally inefficient branches: the state universities that are conservative, inert and drastically underfunded; and the new breed of private 'commercial' institutes that aim to maximise profits as rapidly as possible. . . . Neither system is capable of providing its graduates with professional competence of a sufficiently high quality (Georgia, NHDR 1995, p. 31).

Table 37 suggests that tertiary enrolment has increased steadily in Central and south-eastern European countries, Estonia and Latvia. It declined notably in Lithuania (though the decline has since been reversed), Armenia, Georgia and Uzbekistan. In the remaining countries tertiary enrolment remained more or less stable, with a tendency to rise from 1996. In many of the countries the public sector declined, while private, fee-paying institutions took its place.

Quality in education has not always kept pace. In Kyrgyzstan, for example, the number of students in higher education increased between 1993 and 1996 from 52,000 to 78,000, the number of institutions from 18 to 39, but:

> The opening of these institutions was (intended to provide) . . . a full, varied and quality education. Unfortunately, these aims have not been fulfilled. The level of education is low. . . . they lack sufficient material resources, equipment, premises, qualified teachers and lecturers (Kyrgyzstan, NHDR 1997, p. 31).

Tajikistan has had similar troubles:

> The universities have no resources of their own to purchase books . . . out of 250-300 required textbooks only 5-10 are available (Tajikistan, NHDR 1997, p. 45).

Failing funds from state budgets, the remedy has been to try and obtain extra-budgetary funding through fees, or alternatively to have a system of private institutions in parallel with the state system. Results have been mixed, however:

> In addition to the state universities, numerous private, so-called 'commercial' universities, institutes and academies, have recently sprung up to meet a demand for knowledge which continues to be high, though indiscriminate, and oriented towards fashionable, if possibly useful, areas like management, banking, international affairs, and similar. Although they help to diversify choices in higher education and introduce an element of competition (*with the state system*) the level of studies in these institutions is sometimes very low . . . The quality of teaching is acceptable in only a few of the commercial institutes (Georgia, NHDR 1995, p. 31).

In Armenia, too, private institutions are said to be a mixed blessing:

> At present, 15 state and 75 private institutions of higher education operate in Armenia. (These) do not enjoy much prestige in Armenia (Armenia, NHDR 1997, p. 56).

These are but a few glimpses in a complex situation that deserves fuller analysis.

Table 37

Tertiary enrolment (gross rates, per cent of age group 18-22), 1989 to 1997*

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe									
Croatia	...	...	14	14	16	17	17	17	...
Czech Republic	13	14	13	13	14	14	15	17	17
Hungary	14	14	15	16	17	19	21	23	24
Poland**	12	12	13	14	16	17	18	20	21
Slovakia	13	14	13	14	14	15	16	17	18
Slovenia	18	19	22	22	23	23	25	26	...
S.E. Europe									
Bulgaria	16	19	19	20	21	23	26	27	27
Romania	8	10	11	12	13	13	13	19	19
Albania	5	6	6	6	5	5	...	...	...
FYR Macedonia	...	...	14	14	13	11	...	...	...
Yugoslavia***	17	17	16	14	15	15	15	17	...
Baltics									
Estonia	...	14	14	14	14	16	17	19	21
Latvia	15	16	16	16	16	16	19	23	25
Lithuania	18	17	16	14	13	13	14	15	18
Caucasus									
Armenia	17	17	17	15	12	10	13	12	...
Azerbaijan	8	9	9	9	9	9	11	...	12
Georgia	14	16	16	14	13	14	12	14	14
Western CIS									
Belarus	17	17	17	17	16	17	18	19	20
Moldova	12	12	11	11	10	11	12	13	14
Russian Fed.	17	17	17	17	16	16	17	18	19
Ukraine	15	15	15	15	15	16	17	18	20
Central Asia									
Kazakstan	13	13	13	13	13	13	13	13	13
Kyrgyzstan	11	11	10	10	10	11	12	13	15
Tajikistan	9	9	9	9	9	9	...	9	9
Turkmenistan	8	8	8	7	7	...	7	...	...
Uzbekistan	9	9	9	9	7	6	5	5	5

Source: UNICEF, MONEE

* Full-time only, except Bulgaria which includes also part-time students; most of the figures are estimates by UNICEF, ICDC

** 19-24 age group

*** Excludes ethnic Albanians in Kosovo

Culture

Some aspects of culture, as measured along traditional lines, have improved in spite of the economic crisis. Thus in Belarus:

> The cultural situation is affected by a number of positive and negative factors. On the one hand, the country has managed to keep the greatest part of its network of cultural establishments and of their equipment and enacted a number of important laws to guide the cultural sphere . . . In

> spite of the overall socio-economic crisis, the publications of books and brochures went up 13 per cent in 1995 in comparison with 1990. Of this, the number of books published in the Belarusian language increased 1.5 times. The number of magazines and other periodicals grew from 129 to 225 . . . the number of newspapers in all languages increased from 224 to 494. . . . On the other hand, the development of the national culture is stalled by poor budgetary funding, falling wages of cultural workers in relation to average wages . . . , lack of tax breaks for cultural institutions, crisis in the national film and cinema industries, closure of more than 1000 cultural establishments due to lack of funds . . . (Belarus, NHDR 1997, p. 55ff).

Tajikistan provides a purely negative picture:

> The lack of resources and hard currency has thus decreased the status and importance of culture in Tajikistan. . . . Attendance at theatres between 1991 and 1996 dropped by 14.8%, at cinemas 67.5%, and at museums 39.4% . . . there are fewer libraries while their holdings and rate of acquisition decreased by 7.9%. The number of periodicals published dropped sharply by 41.7% and so did circulation, by 73.4% (Tajikistan, NHDR 1997, p. 47).

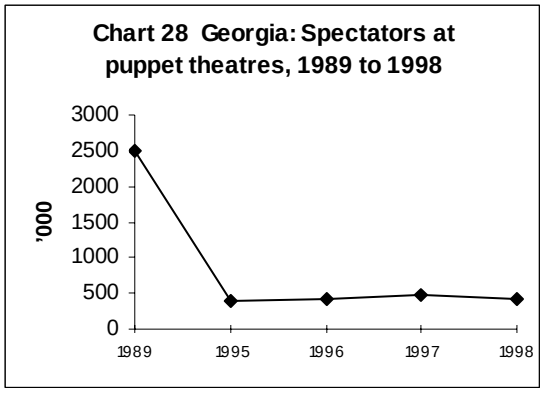
Figures from Georgia are further evidence that the stock of cultural facilities (theatres, libraries and the like) has remained more or less stationary. The use made of the facilities declined sharply in the early years of transition, although it has since stabilized at a much lower level than before (table 38 and chart 28).

Table 38

Georgia: Cultural facilities, 1989 to 1998

	1989	1995	1996	1997	1998
No. of public libraries	4190	2721	2550	2425	2301
No. of theatres	32	28	32	32	32
No. of puppet theatres	6	6	6	6	6
No. of persons attending puppet theatres ('000)	2493	397	431	479	422
No. of museums	121	91	92	96	97
No. of visitors to museums ('000)	4811	410	357	368	324
No. of newspapers	171	127	123	161	243
Newspapers: copies per 1,000 persons	980	60	40	60	80

Source: State Statistical Committee of Georgia



Quite another dimension of culture is noted in the NHDR for Uzbekistan. Taking South-East Asia (before the crisis in 1998) as an example, it makes the point that cultural factors have played a significant role in development:

> The success of the southeast Asian 'tigers' is often attributed not just to policies such as export orientation or high savings and investment in human capital, but to favourable *cultural* factors (Uzbekistan, NHDR 1997, p. 59).

Culture in this sense presumably refers to certain positive moral and intellectual attributes such as diligence, discrimination, honesty, business acumen, patriotic rather than parochial fervour, and the like, whose connection with the subject matter of the usual cultural statistics is vague. As in the above table, these are normally concerned with theatres, cinemas, ancient monuments, libraries, museums, or the publication of books and other printed matter—which may, on occasion, help to maintain positive, developmental values. Yet too often they have nothing to do with them. Cinemas and theatres may attract foreign rather than native culture, while books and magazines in the CITs are increasingly devoted to pornography. Thus quite different cultural values, unrecorded in statistics, may be more significant in the context of transition.

The culture embodied in the extended family has been invaluable in supporting the indigent when the state's welfare schemes have failed in recent years. However, not even the extended family is necessarily helpful to the state. Family and clan interests have tended to conflict with the interest of the national society in such basic matters as tax collection. Corruption is as much a cultural tradition in some societies as loyalty to the state and its machinery is in others. The account of mounting crime in recent years in the section that follows suggests the need for improved standards of morality. The question remains how this and similar qualities can be identified, measured and supported in practice, and whether they have anything in common with a rise, for example, in the number of cinema goers, ancient monuments or local dance clubs. The crime rate might be a better indicator of culture than the number of people dancing round the maypole.

◆ Security

Separation from the Soviet Union and transition had implications well beyond economic hardship. It seems reasonable that after 70 years of often bloody repression of national and individual rights, freedom of thought and action would be highly valued, and the benefits of such freedom set against hopefully temporary losses in consumption. But this has not always been the case.

Political security

The freedom to say and do what one likes, subject only to civil and criminal law, is perhaps too obvious a benefit of the end of the Soviet regime to be now widely remembered or celebrated in statistics. Statistics of political victimization, if they existed, would nonetheless make impressive reading, dropping from the millions of the Stalinist era to much smaller numbers under his successors and all but disappearing (it is hoped) after 1991. To many people who survived that era, the freedom they have gained may well outweigh the present economic hardship or insecurity engendered by crime. It is now a matter of enshrining the newly won liberties in legislation, taking steps to ensure that the laws are applied to the poor as well as the rich and, for governments, passing them on to the minorities that remain. Public support for these processes is of course essential (see Poland, NHDR 1997, p. 22 ff).

Formulation of human rights, and attempts to apply the formulas, is more or less what has been happening during transition. Human rights are being embodied in constitutions and legislative enactments, even if doubts remain as regards their practical application. Continued updating and modification of laws may be required. In Romania, for example:

> By the 20th of May 1990 over 200 legislative provisions relating to the old regime were annulled because, directly or indirectly they violated the rights and basic freedoms of the citizen. . . . In 1991 the Romanian Institute for Human Rights was established. . . . Even now, some of the existing laws do not give full satisfaction . . . (Romania, NHDR 1998, p. 66).

In Moldova:

> The Constitution . . . (in 1994) . . . defined the Republic of Moldova as a democratic state governed by law in which human dignity, rights, liberties, the free development of all persons, justice and political pluralism represent supreme values which are guaranteed by the Constitution. Yet, the adoption of the Constitution . . . does not in itself lead to an immediate solution of all the problems of the country . . . (Moldova, NHDR 1997, p. 13).

In Bulgaria:

> The political change of early 1997 created hopes that positive steps would be taken also in the field of human rights. While the new government pledged greater respect for human rights and took active measures to alleviate some of the most acute problems, serious human rights violations nevertheless continued. They included cases of police brutality, violence and discrimination against minorities, especially Roma

> (*gypsies*), government interference in religious affairs and the media and conditions in places of detention (Bulgaria, NHDR 1998, p. 70 ff).

Box 1 in section 3, above, makes a similar point in respect of Georgia.

Although statistics are sometimes used to describe human liberties, they are in general spurious in this context. [51] The very fact that national Human Development Reports (some of them in a constructive manner critical of governments) can be written freely in nearly all the countries of Eastern Europe is proof of the increasing freedom of expression. But this could not be embodied in statistics, and many of the would-be statistics in this sphere are nonsense.

Security from crime

The figures in table 39 of *recorded* crime suggest that in almost all the CITs crime rose after 1989, often very substantially. It then either stabilized at the higher level, as in Russia, Estonia or Ukraine, or declined, as in Tajikistan and Slovenia. In all but six countries, the rate was considerably higher in 1997 than in 1989. In Russia:

> This (*the weakening of state institutions, the ethnic conflicts following the collapse of the Soviet Union, the opening up of international frontiers, illegal arms and drugs trafficking, etc.*) resulted in a catastrophic upsurge in the crime rate that had reached its peak by 1993. From 1994 to 1996 it became possible to arrest the skyrocketing crime rate. The 2.63 million crimes reported in 1996 constitute a 4.7% drop, as compared with the previous year . . . the tendencies toward a decline continued in the first half of 1997 . . . first degree murders dropped 12.1 thousand . . . (Russian Federation, NHDR 1997, p. 56).

The crime rates below show an apparent upsurge in crime to 1993 or 1995, followed by stabilization, but it is difficult to know how much of this is due to changes in the law or procedures.

Comparison of crime rates among the CITs shows (with some exceptions, such as Slovenia with low, and Bulgaria with high, crime for its income) a strong association with relative affluence: the higher per capita GDP, the more crime (or possibly the greater the police's diligence in registering crimes).

While total registered crime seems to have stabilized in Russia since 1995, drug-related offences have continued to spread, as witness the figures of registered cases in chart 31.

The Estonian NHDR for 1997 comments further on the changing pattern of crime, and in particular on the increasing threat of white collar crime:

> White collar crime (fraud, embezzlement, tax fraud, forgery of documents, smuggling), cases of bribery and involvement of minors in criminal activity were registered . . . A large part of white collar crime is associated with the export, import or transit of goods: . . . attempts are made to bribe customs offices, to use forged documents to avoid the payment of excise . . . smuggling and other illegal transactions involving alcohol and fuel can bring considerable profit. . . . Crime has grown more organised and professional; new types of crime have appeared (e.g. credit

[51] One good law could outweigh 100 bad ones, but who would determine the weights?

card fraud) . . . As a general trend, criminals seem to be redirecting their interest from violence and assault against property (theft) into the economic sphere, i.e. former 'street criminals' try to continue their illegal activities in business (pp. 54-55).

Table 39

Registered total crime rate, 1989 to 1997 (per 100,000 population)

	1989	1990	1991	1992	1993	1994	1995	1996	1997
Central Europe									
Croatia	1,185	1,123	971	1,325	1,547	1,191	1,034	1,066	926
Czech Republic	1,166	2,099	2,745	3,345	3,858	3,604	3,637	3,822	3,917
Hungary	2,150	3,291	4,256	4,332	3,895	3,795	4,908	4,572	5,066
Poland	1,442	2,318	2,265	2,297	2,217	2,351	2,526	2,324	2,568
Slovakia	879	1,323	1,668	1,980	2,744	2,575	2,137	1,850	1,716
Slovenia	2,002	1,919	2,113	2,709	2,223	2,193	1,919	1,840	1,872
S.E. Europe									
Bulgaria	672	772	2,062	2,630	2,599	2,639	2,452	2,337	2,896
Romania	208	422	606	635	964	1,043	1,310	1,422	1,601
Albania	...	...	...	...	...	...	...	...	...
FYR Macedonia	...	...	797	1,224	1,174	1,204	1,178	1,264	1,102
Yugoslavia	1,175	1,144	1,174	1,293	1,656	1,512	1,268	1,238	1,202
Baltics									
Estonia	1,220	1,515	2,027	2,671	2,450	2,384	2,667	2,410	2,810
Latvia	1,112	1,299	1,575	2,351	2,043	1,609	1,556	1,534	1,493
Lithuania	846	996	1,202	1,513	1,619	1,576	1,637	1,835	2,046
Caucasus									
Armenia	242	342	363	441	350	265	270	331	326
Azerbaijan	212	217	218	309	248	251	268	234	218
Georgia	...	361	513	442	407	329	297	277	258
Western CIS									
Belarus	653	741	796	941	1,002	1,167	1,282	1,241	1,257
Moldova*	940	986	1,021	901	852	858	885	805	1,002
Russian Fed.	1,099	1,244	1,466	1,861	1,890	1,779	1,865	1,781	1,632
Ukraine	602	669	752	834	1,039	1,107	1,252	1,214	1,168
Central Asia									
Kazakstan	833	906	1,057	1,216	1,250	1,238	1,145	1,156	1,032
Kyrgyzstan	595	680	725	985	955	927	915	872	809
Tajikistan	316	317	337	452	433	248	250	228	222
Turkmenistan	483	509	514	466	398	351	331	324	313
Uzbekistan	420	430	423	436	410	329	294	285	285

Source: UNICEF, MONEE

*excluding Transnistria

Chart 29 Estonia and Russia: Fluctuations in crime, 1989 to 1997

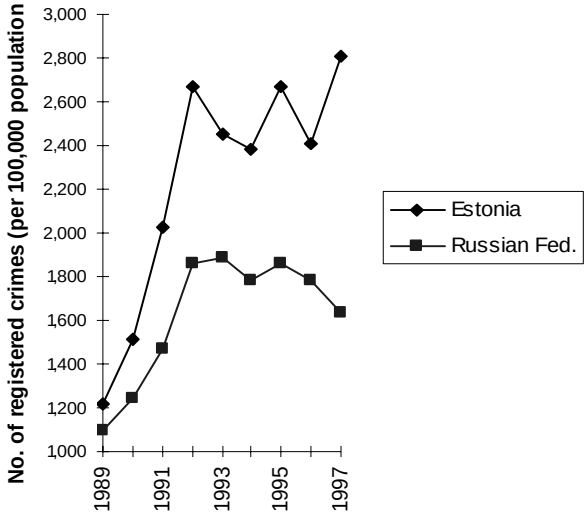


Chart 30 Association between per capita GDP and recorded crime, 1997

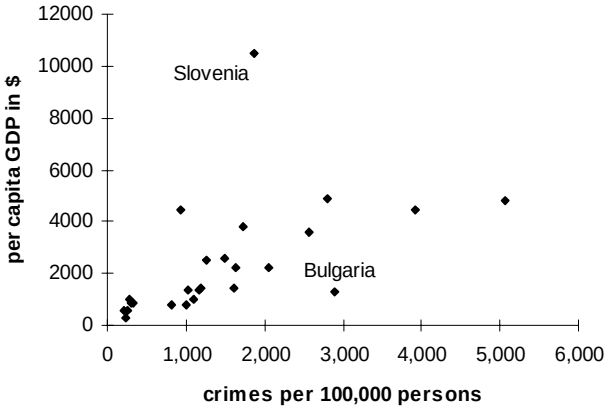
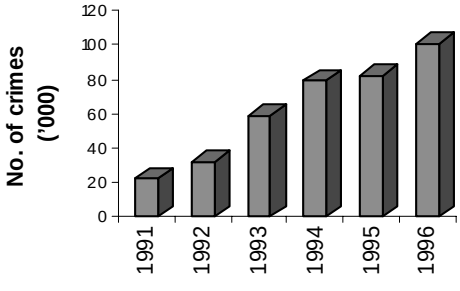


Chart 31 Russia: Number of recorded drug-related crimes, 1991 to 1996



Box 4
Recorded crime as an indicator of real crime

Crime is what the law makes it—it might include bicycle theft or certain forms of corruption in one country but not another, for example.* Moreover, recording is confined to crimes that come to the attention of the police (what people report, not otherwise) and that the police wish to register (with all the paperwork that is involved). Much depends on the confidence that victims of crime have in the ability of the police to trace a crime, catch and convict the offender. There is little point in reporting crimes that, for one reason or another, the police are likely to ignore. A change in the number of recorded crimes might be the result, therefore, of real trends in crime, of a change in police practice, or of the public's willingness to report.

The Russian national Human Development Report 1997 considers that recorded crime in the Federation might be no more than one quarter to one third of total crime. Similarly, in Estonia 52 per cent of the victims failed to report a crime committed against them or members of their families in 1995 (Estonia, NHDR 1997).

* The NHDR for Estonia notes that although, clearly, such cases occurred, for legal-technical reasons "no cases of corruption were recorded in 1996 involving privatisation of apartments" (p. 58). The Romanian NHDR for 1997 refers to the large increase of crimes that did not exist in a centrally directed economy, including crimes against private companies (growth of 300% between 1993 and 1996); bankruptcy, tax evasion, non-respect of company law.

The NHDRs for the Russian Federation, Kyrgyzstan and Tajikistan comment in similar terms on the changing nature of crime.[52] Gone, it seems, are the poor burglar concealing himself under the bed at night or the stealthy pick-pocket. Enter the blustering mafiosi armed with kalashnikov, laundering machines and the pen that is mightier even than the gun. The Bulgarian NHDR for 1998 raises an even more fundamental issue by questioning the basis of a system of values that can publicly sanction corruption:

> The real problem however is the public's perception of corruption as something natural, one of the rules of the game or even a part of transaction costs . . . According to the representative survey . . . in January 1998, 41% of the respondents said they would feel happy about successfully offering money to an official. Only 7% would feel ashamed. . . . Meanwhile 50% of the civil servants questioned said they would feel happy (7% would feel ashamed) about receiving money or a gift. . . . The concept of good governance and the corresponding shape of administrative reform in fact involves implementing an approach which to a certain extent is alien to the traditional Bulgarian mentality. The institutional and organisational culture in Bulgaria is marked by a diffusion of administrative roles and personal loyalties, resulting in clientelism, abusive bureaucratic treatment often verging on disrespect for human dignity. . . . Any official is considered potentially liable to corruption and ready to bypass the regulations under certain circumstances. If one is successful in beating a private path to the privileged circle, one will have no further problems and the real job will be done (p. 18ff).

About 240,000 economic crimes were registered in Russia in 1996 (a rise of 13 per cent over the previous year). And numerous as they are, recorded crimes in the

[52] Among offences recorded in Moldova, on the other hand, "economic" crimes account for only 22 per cent of "grave" offences.

economic sector are likely to be the peak of the iceberg even more so than for other offences. A mere 5-10 per cent have been "exposed", according to the Russian Federation NHDR for 1997:

> Criminalisation of the credit and financial sector evokes growing concern . . . The crime rate is growing particularly fast in the insurance and pensions systems. Embezzlement through forgery and illegal receipt and misuse of interest-free loans has reached large-scale dimensions. Known cases of bribery more than tripled between 1991 and 1997, conspiracy for pecuniary gain among officials, criminal lobbyism, funding of commercial entities from the budget is now commonplace. The privatisation process has been accompanied by gross abuses. There are numerous instances of underestimation of the book value of businesses to be privatised, conspiracies for unlawful distribution of property. . . . Over the last five years the number of reported crimes committed by organised criminal groups has gone up by 94%. Criminal activity is increasingly disguised as legal and security services provided by special entities. . . . Criminal groups have set up a broad network . . . whose activities seriously distort commodity and services markets, hindering the flow of funds to the revenue part of the budget and destroying the country's credit and finance system. The focus of their attention are the fuel and power sectors as well as the gold and diamond complexes, foreign trade, particularly connected with the turnover of strategically important raw materials, alcohol and tobacco, cars, weapons, retail and wholesale trade. . . . The forecasts indicate further expansion of organised crime . . . (p. 59).

In Kyrgyzstan:

> The market for criminal services is growing due to hired killings and the racket. In the opinion of experts, the members of different criminal groups are constantly undertaking attempts to penetrate the authorities, including the legislature. Economic, official and general crime in Kyrgyzstan is influencing the course of economic and legal reforms. . . . The new economic relations in Kyrgyzstan are leading to new types of crime. . . . The gulf between normal daily demands and the impossibility of realising them means that breaking property laws is increasing and that crime is becoming more aggressive. . . . Grave violations and infringements of legislation have been committed by officials during denationalisation and privatisation. . . . The broad penetration of organised crime into the legal economy represents an increased danger for the course of economic and social reform . . . (Kyrgyzstan, NHDR 1997, p. 48ff).

The Tajikistan NHDR for 1997 mentions that organized crime is not new in this country:

> . . . having begun in the late 1960s among the ranks of the leading elite. . . By 1996, organised crime became widespread with the network of criminals . . . forming a state-within-a-state and seizing certain sectors of the economy . . . Criminals have not only improved their skills, but have graduated from committing theft, forgery and other petty crimes into murderers for hire, hostage-taking and other violent crimes . . . (*there is*) politicisation of crime and criminalisation of politics. . . . Dushanbe is the centre of organised crime and corruption (p. 82ff).

In recognition of this problem in Moldova, a government department has been established recently for "fighting corruption, protectionism and organised crime" (Moldova, NHDR 1997, p. 22).

The *feeling* of insecurity (as well as the objective facts of crime) is also an issue: 84 per cent of the respondents in a survey in Estonia in 1996 said that crime was a serious or very serious worry. Indeed, 23 per cent of all respondents or members of their families had fallen victim to an offence in 1996, even if this was mainly petty larceny (food stolen from fields, car thefts, pick pocketing).

Finding a solution to organized crime and corruption was also the top priority for citizens of the Czech Republic questioned in a survey (NHDR 1998, p. 87). In Romania, 69 per cent of respondents in a survey were afraid of criminality in 1995, and about the same figure in the following year (NHDR 1997, p. 74). In Kazakstan, crime was the problem that received the mention second in a public opinion survey in 1996, after social security; 64 per cent of respondents placed crime first (Kazakstan, NHDR 1997, p. 44).

4. DISAGGREGATED INFORMATION

The social macro-level data of the kind currently available (and the more relevant of which are reproduced here) are essential background, but of limited use for policy. Policy makers have various requirements for information, among them for answers to the question not only how many children or adults die in the country as a whole, or the average level of school enrolment, but rather *who* are the poor, the deprived, the hungry and the sick in terms of identifiable characteristics: for example the elderly living alone, families (especially large families) without a substantial earner, women-headed households, refugees, certain ethnic minority groups (such as Romas, or the Meskhetian Turks). Each country contains minorities that do less well than the average.

Statistics from household surveys do or could provide this information for individual countries. Some of the national Human Development Reports (and social trend reports issued by statistical offices) contain information, for example, on the identity (as categories) of persons below the national poverty lines and on disadvantaged groups of various kinds. However, the kind of country assessment ideally required for each of the 27 CITs is clearly impossible in this context, and no more is done here than to summarize some of the principal conclusions.

◆ The Poor

Who are the poor (or the deprived or the vulnerable or the socially excluded) in terms of socioeconomic characteristics?

Measurement of poverty, as noted earlier, is clearly at a methodological cross-roads, but enough is known to identify the categories of poor. In Poland, for example, those most in poverty are rural households with no farm of their own and living on unearned incomes (mainly pensions), "young people and large families, rather than the elderly" (Poland, NHDR 1997, p. 137). In the Russian Federation, the poor are mainly concentrated in households with three or more children, with unemployed or disabled persons, and where pensions are the sole source of income.

In Armenia, groups entitled to social assistance are: the handicapped (certain categories of handicapped, including those affected since childhood), orphans, children of single mothers, inhabitants of temporary shelters, certain victims of the Chernobyl disaster, arbitrarily evicted people, relatives of killed or handicapped soldiers, families with four and more children, people over 70, families included in the PAROS project (Armenia, NHDR 1997, p. 52).[53]

In Belarus, the categories most likely to become poor are large, poorly educated families with children (especially with children under six years of age), families with only one wage earner, collective farmers and retired women in rural areas. More than 90 per cent of the poor are reported to live in families with only one wage earner whose income is too low to support a family. "The present situation in the labour market makes it difficult for other adult members of the family to find employment . . ." (Belarus, NHDR 1997, p. 52). As noted earlier, low incomes of those in employment, combined with the fact that there usually is only a single earner, is said to be the chief cause of poverty—and especially in certain areas of the country.

In Romania, similarly, although farmers and the unemployed are more likely than other categories (including pensioners) to be below the poverty line, nonetheless 40 per cent of those in poverty are in households of wage earners. Whether or not such a household is in poverty depends on the ratio of dependants to earners, as well as on the level of earnings. Poor households are likely to be those with a single earner and several children. One implication of this is that children are at greater risk of living below poverty than the elderly (who receive a pension). Pensioners' households are thus less prone to poverty. Nonetheless, because of their large number, pensioners constitute one quarter of all those in poverty in Romania (Romania, NHDR 1997, p. 51ff).[54]

In Croatia, the distribution of those holding social welfare cards entitling them to benefits (i.e., the poor) was as follows in August 1996: unemployed and unfit to work (29 per cent), employed (14 per cent), retired (27 per cent), agricultural workers (6 per cent), others (mainly those unfit to work, 23 per cent) (Croatia, NHDR 1997).

Depending on the country some of the categories have attracted more attention than others, because their distress is more visible or more highly concentrated. Refugees and IDPs are an example.

◆ Refugees and Internally Displaced Persons (IDPs)[55]

The minority group that comes most readily to mind in Eastern Europe and the CIS are the refugees and internally displaced persons that emerged from the armed

[53] Under the PAROS project, families register with the Ministry of Social Protection, are assigned points and given assistance on the basis of their condition.

[54] There are two ways of looking at the proportions of poor. For example, the proportion of poor physicists among all physicists may be high. However, because they are a relatively small group, poor physicists will constitute a very small proportion of the totality of poor in the population as a whole.

[55] Refugees are persons forced by armed conflict or political aggression to leave their homes and to seek refuge across a national boundary. Internally displaced persons are those similarly compelled to leave their homes, but who remain in their own country.

conflicts that followed the break-up of the Soviet Union. Many areas were briefly affected, including Moldova and Slovenia. Central Europe and the Baltic states were spared, as were individual states elsewhere, such as Belarus, Ukraine, Bulgaria and Romania. The four areas worst afflicted were the trans-Caucasus region (Armenia, Azerbaijan, Georgia), the northern Caucasus (Ingushetia, North Ossetia and Chechnya, all part of the Russian Federation), Tajikistan and, worst of all, Bosnia and Herzegovina, Croatia and Serbia (including Kosovo) in the former Yugoslavia.

The first refugees appeared a decade ago (from Armenia to Azerbaijan and vice versa), and they and IDPs have continued their movement ever since. Numbers of those now residing in the CITs and registered as of end 1997 are given below (table 40).

Not all the refugees and IDPs are in distress to the same degree, depending on when they fled and how they were received on arrival. For example, the Nagorno Karabakh conflict between Armenia and Azerbaijan gave rise to two distinct types of refugees: the early arrivals, about 200,000 Armenians who fled from Azerbaijan beginning in 1988; and 300,000 Azeris forcibly evacuated from Armenia. They were in large part accommodated in each others' houses and resettlement was in any case much easier at a time, before independence, when conditions were more favourable. The second wave of displacement began in 1992, after the economic collapse in both countries, when about 700,000 Azeris fled eastwards as troops from Nagorno Karabakh emptied not only Nagorno Karabakh itself of ethnic Azeris, but also the surrounding areas. It is these later displaced persons in Azerbaijan who have been particularly vulnerable.

Nonetheless, the vast majority of refugees and IDPs continues to be in dire distress. The problem with so many of the refugees and IDPs is uncertainty about the future. They hope to return to their home and therefore make little effort toward permanent settlement, even were they encouraged to do so by their hosts, which is not always the case. For the majority hope has only weak foundations. Negotiations over Nagorno Karabakh, Abkhazia or the Tskhinvali region (Ossetia) are little advanced. While the conflict in Bosnia and Herzegovina is over, resettlement of the refugees—Bosnians and Serbs—seems as remote as ever, or more so, since the Kosovo conflict has deprived the Serbs of yet another site of possible resettlement.

Comparative data are available in a few countries. A recent study of health and nutrition of the 600,000 IDPs in Azerbaijan shows the IDPs at a disadvantage as compared with the native population. For example, low height for age, symptomatic of longer-run malnutrition (rather than under-nutrition) combined with early childhood disease, was more pronounced in IDP children under five (though not in older children) than in the native population. One-year-old IDPs were also more likely to have iron deficiency anaemia than native children. IDPs were more likely than the natives to derive their drinking water from polluted sources, and so on. The differences are not very large but, given the already poor conditions of the native population, they add up to conditions of severe hardship—which are unlikely to improve in the near future.

Table 40
Refugees and others of concern to UNHCR, end 1997*
(countries with 5,000 or more)

Central Europe	
Croatia	**150,300**
Czech Republic	5,600
Hungary	5,900
Slovenia	5,100
S.E. Europe	
Bosnia and Herz.	**1,287,400**
Yugoslavia	**550,100**
Caucasus	
Armenia	**291,000**
Azerbaijan	**854,000**
Georgia	**273,600**
Western CIS	
Russian Fed.	**1,647,600**
Ukraine	39,900
Central Asia	
Kazakstan	26,600
Kyrgyzstan	16,000
Tajikistan	16,000
Turkmenistan	15,800

* not included are 193,000 ethnic Belarussians who returned to their country.
Source: UNHCR, **Refugees and Othes of Concern to UNHCR: 1997 Statistical Overview**, July 1998

◆ Gender

Gender issues are prominent in Eastern Europe and the CIS if only because of their complexity. Thus, in the pre-transition era in the Soviet Union, for example, there was virtual equality between boys and girls in preschool and primary school education, a slight bias in favour of girls in the academic stream of secondary education, and in favour of boys in the technical and vocational streams. There was and continues to be apparent equality or a bias toward women at universities. Figures for 1997 show that women students outnumber men in each CIT except Azerbaijan, Croatia, the Czech Republic, Romania, Tajikistan, Turkmenistan and Uzbekistan. Closer analysis of the Soviet era (no matching data are available for the current period) shows equality only up to first degree level, while men dominated in post-degree courses leading to specialization, for example in medicine. Women tended to drop out at this stage because of family care and for other reasons. This pattern was subsequently reflected in employment. Women doctors predominated, but the specialists were male.

Wherever the data allow—which is not very often—analysis in previous chapters has pointed to differences between the sexes. Thus, in employment, it is likely that a larger proportion of women than men retired from the labour force altogether,

swelling the ranks of the discouraged unemployed (see the activity rates in table 41). Insofar as they did join the labour market, women were more likely than men to be unemployed in some, but by no means all, countries. The women's unemployment rate was lower than that of men in Russia, for example.

Table 41
Gender differences in employment, 1997
(countries with available data)

	Activity rate		Unemployment rate	
	men	women	men	women
Czech Republic	71	52	4.0	6.7
Hungary	60	43	9.5	7.8
Poland	65	50	8.7	12.0
Slovakia	66	51	10.8	12.5
Slovenia	66	53	7.0	7.2
Bulgaria	57	47	14.7	15.3
Romania	72	58	5.7	6.4
Estonia	72	58	11.2	9.6
Latvia	70	54	14.1	14.0
Lithuania	72	57	14.1	14.0
Russian Federation	71	54	11.4	10.7

Source: UNECE, **Economic Survey of Europe**, 99/1

As noted in section 2, wages tended to be biased in favour of men, in Georgia at least:

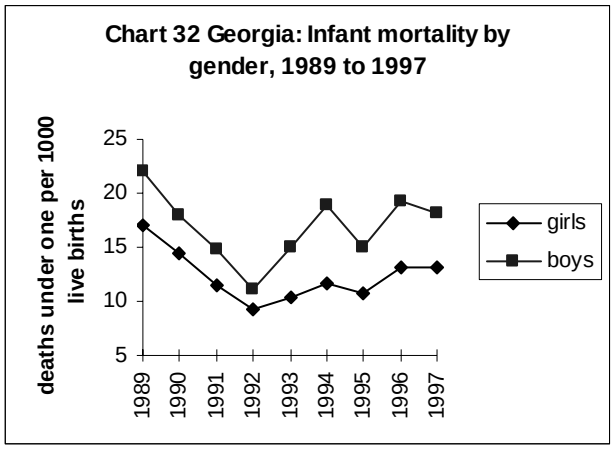
Table 42
Georgia: Gender differences in wages, 1998

	Women's average wages as per cent of men's, ivth quarter 1998
State budget employees	55
Non-budget state enterprises (w/o foreign capital)	67
Non-state enterprises (w/o foreign capital)	73
Foreign and joint venture	151*
Average	58

Source: Georgia, State Committee of Statistics

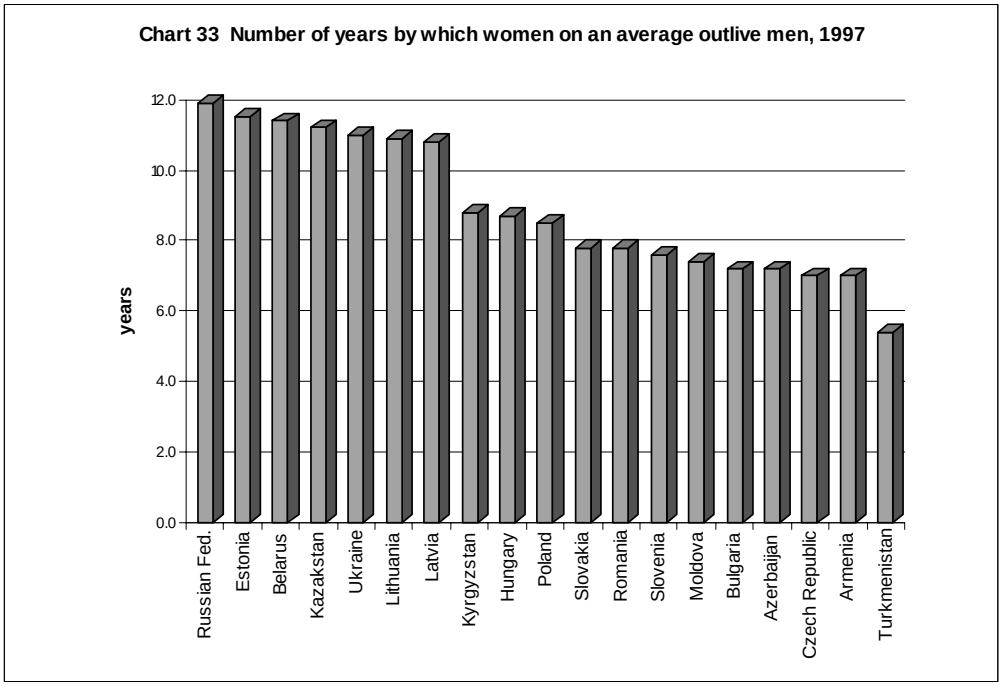
*The leading posts in foreign companies are held by foreigners whose wages do not appear in the statistics. The manual jobs are usually done by men; women hold the slightly better paid clerical jobs.

Analysis of the differential mortality rates also requires sophistication. Infant mortality is consistently higher among boys than girls, a natural phenomenon associated, the world over, with the fact that more boys than girls are born, but are weaker.



Source: Georgia, State Committee for Statistics

It is more difficult to account for the much higher male than female adult mortality. As noted in section 3 above, women outlive men in the CITs by a considerable margin—by as much as 12 years in the Russian Federation (chart 33).



The reasons are said to include men's excessive consumption of alcohol, their deficient diets, and the greater stress they experience in coping with the economic situation. In many families in the CIS, women are now the bread-winners (even if it is little more than bread that they win), leaving men without their traditional role in life.

◆ Regional Differences

These generally play a strong role, as in the Russian Federation:

> Regions with large-scale problems included republics such as Tuva, Ingushetia, Dagestan and Kalmykia where the income per capita is the lowest in the Federation (*273,000 roubles as compared with 1,977,000 in Moscow, which has the highest income*) and which has the highest concentration of poor (56% of the population have incomes below subsistence) (*19% in Moscow*), unregistered unemployment (*20 per cent as against 7 in Moscow*), and the least availability of housing and medical services (Russian Federation, NHDR 1997, p. 66).

Proportions in poverty also varied widely in Azerbaijan:

Table 43
Azerbaijan: Regional diversity in poverty, 1996

	per cent of households in	
	poverty	extreme poverty
Nakhichevan	85	31
Central	71	33
Apsheron	64	23
Near north-west	64	21
Centre north	59	12
Far south	57	14
South-west	50	12
Far north-west	50	11

Source: World Bank, **Azerbaijan: Poverty Assessment**, Baku, 1998

As a result of armed conflict, especially in the Caucasus, a number of regions have been marginalized politically and practically forgotten as economic and social entities. Examples are Nagorno Karabakh in Azerbaijan, Abkhazia and the Tskhinvali region in Georgia, and Transnistria in the Moldovan Republic. Claiming autonomy or independence, they receive no recognition and little support from the international community. Thus, Abkhazia's population is around 200,000, about one third of what it was before armed conflict removed the Georgian part of the population. Industry no longer exists, a vast tourist potential on the Black Sea, once the Soviet Union's principal vacation domain, now lies practically deserted. Citrus and tea plantations are deteriorating for lack of attention. The population exists as best it can with rich lands but no capital or transport to utilise this potential. Government revenue is virtually nil and public services rudimentary. It is not clear in the absence of a political settlement what the future holds. People contrive to make a living as best they can, with small farming or trading.

The above are examples. As noted, given the complexities, an analysis in depth, country by country, would be required to identify those most in need, the nature of their needs, and policies for their relief that are feasible in the given situation.

5. CONCLUSIONS, POLICY, STATISTICAL IMPLICATIONS

Certain facts stand out from the welter of figures. Even the worst-affected countries had, by 1997, begun to recover. The civil war finally ended in Tajikistan, oil drilling was at last under way in Azerbaijan, Georgia was beginning to benefit from the construction of pipelines to shift the oil. Progress is by no means uniform or assured. After some years of strong growth the Czech Republic, for example, experienced a severe financial crisis early in 1997. Similarly, no sooner had Russia rejoiced in 1997, the country's first year of positive GDP growth since 1989, than serious economic reverses occurred in March and August that year. Other countries hit by crisis while they seemed set for recovery include Albania, Bulgaria, Romania and, most recently, Turkmenistan. Nonetheless, for the region as a whole, the future is more hopeful than ever it has been since 1989. Social statistics, although more tardy and indirect than statistics on the economy, suggest that, with some exceptions in individual countries, social as well as economic conditions have stopped deteriorating and in some respects have begun to improve. Certain anomalies remain in respect of the substance of change, however.

1. Employment continues to decline, or has failed to increase in line with recent increases in GDP. Unemployment in many of the CITs remains at a high level, especially if discouraged workers are included in the figures—i.e., those who, although anxious to work, have given up searching for jobs. Relative to the decline in GDP, the decline in employment has been much less significant in countries of the former USSR and former Yugoslavia than in Central Europe.
2. Underemployment persists in the sense that people remain employed, but on a part-time basis and/or with extremely low or merely nominal pay. Especially in the CIS, recovery from the low levels of 1993 or 1994 has taken the form of casual trading or barter in imported produce rather than domestic production. Much of this activity is within the shadow economy, in the sense that it remains unrecorded and avoids taxation.
3. Underemployment apart, even normal average wage rates in most of the CITs other than Central Europe are low to the extent that in many households a single wage cannot maintain a family. Indeed, in many countries the majority of poor households (with incomes below subsistence) are not only, or even principally, the elderly, disabled or unemployed. They are households with an earner—but only a single earner—together with dependants (especially children). Jobs for other family members are not available.
4. The remedy here is higher wages and/or more widespread employment (for other family members)—factors which are linked to economic growth. It is clear that improvement in social conditions for the majority of people lies in economic recovery rather than welfare policies. Given the depth of decline in many of the countries, moreover, economic growth will be required at high rates for a long time to come.
5. While growth is necessary, the content as well as the quantity of production (and of imports) might be considered. Production and sales of tobacco, alcohol, aerated waters or chewing gum add to GDP, but their real impact as articles of consumption, in conditions of austerity, is almost nil or negative.
6. Welfare provisions are required for pensioners, the disabled and special categories such as refugees or IDPs. But again, dispensing adequate benefits is

possible only if production increases and governments can secure a slice of the benefits.

7. Whether governments can do so is becoming increasingly doubtful in many of the countries considered in this paper. Russia's crises in 1998 were in large part due to government failure to collect revenue to support the budget. Problems with tax collection appear to be increasing elsewhere, as well, and such problems are multiplied by the expansion of the unrecorded, shadow economy in its various forms. Figures for the shadow economy of 30 per cent of the total economy are reported, which if true would mean a very large loss of potential revenue, apart from the fact that about one third of the population, working in the shadow economy, would be bereft of all claims to social security.
8. Revenue apart, the state's role appears to be declining because of an increase in the various forms of economic crime—that is, systematic and largely illegal exploitation of national wealth for the benefit of the few. Corruption of state officials is said to be commonplace in some countries, and moreover, according to the NHDRs, accepted in some countries as part of the current system of moral values.
9. Until these scourges are eliminated, governments and international agencies in a country will have to adjust their rationality to include them as facts of life in planning and policies.
10. In the absence of sufficient personal earnings, public services—especially education, health and housing-related services—are all the more important in the alleviation of poverty, but have failed in this purpose because of the penury that has affected government budgets. There is a role for imaginative and innovative policies on condition they do not require much money. A lot can be done, for example, to improve education through intervention at selected, crucial points—changing the method of teaching, or increasing parental and community involvement.
11. In both education and health, extra-budgetary funding is increasingly required to compensate for the continuing shortage of budget funds. Privatization of medical care, as well as schools and universities, is an extreme form of such funding. Increasingly, however, special arrangements are required for low-income groups, ethnic groups and others who cannot afford the cost of commercial services provided in this manner and are, effectively, left without help.
12. Specific data problems were noted in the body of the text. Administrative records, especially registration of deaths and school enrolment, are required as a source of data. National annual household sample surveys are the key to the measurement of social trends—there is no obvious substitute. Most statistical organizations now conduct some kind of household survey—*inter alia* for household consumption expenditure or labour force data. Data quality is important in surveys. The samples should be representative, but they need not be large, depending on the degree of desegregation required. Questions, including those on income from all sources, must be carefully formulated and skilfully applied in interviews.
13. Household sample surveys are all the more important, as they are the unique means in the CITs of combining crucial information on the individual and the household. Incomes are commonly earned by individuals, but the spending unit is the household. As shown in section 3 above, poverty in many of the CITs is commonly the result of a combination of low wages earned by a single earner and a high ratio of dependants to earner. The relevant statistics (i.e., those linking data on individuals, such as employment and wages, with data on households, including household income, ratio of earners to dependants, and the like) cannot be obtained from administrative records (except through a complex

system of multiple registers, which so far only some of the Scandinavian countries possess). The only practical source are national household sample surveys, including the kind of tabulation procedure that links individuals to the household.

14. Finally, given the rapid pace of social change in the CITs, to be of any use in policy formulation the statistics should be of recent date. Given the pace of social, as well as economic, change in many of the CITs the most recent available social data—two years old in the present paper—could already be out of date.