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Intergenerational inheritance of Inequalities

as

research focus of the PROFIT project

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UGA, Athens, 4.02.2008

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PROFIT

(2004-2007)

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Policy **R**esponses **O**vercoming
Factors in the **I**ntergenerational **T**ransmission
of Inequalities



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PROFIT

was European Commission funded research project conducted in eight countries :

Bulgaria, Estonia, Finland,
Germany, Italy, Lithuania, Poland,
United Kingdom



Policy Responses Overcoming Factors in the Intergenerational Transmission of Inequalities



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Project participants:

- University of Lodz, Poland ,coordinator
- REGLO, NGO, Bulgaria
- University of Giessen, Germany
- University of Tartu, Estonia
- University of Turku, Finland
- University of Padova, Italy
- Vytautas Magnus University, Lithuania
- Loughborough University, United Kingdom

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Contents of presentation :

- Why is European Union concerned with inequality inheritance?
- What was the PROFIT project about?
- What made the project relevant?
- What made PROFIT innovative?
- What are the main results?



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European countries

- for many years were believed open societies offering equal opportunity and high social mobility.
- Social classes were declared to be dead because of free of charge education and medical care for everybody, increased living standard and state old age pension schemes.



However, in a course of 80s

- in particular countries research provided evidence that it was an increase in poverty.
- Lack of comparative studies prevented developing of awareness that it might be common tendency all over Europe.

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Establishing of Eurostat providing European Statistics

enabled to conduct comparative studies using commonly agreed indicators.

Relative concept of poverty was applied to measure poverty in EU member states.

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Poor people were defined

- as those living in households having income lower than 60% of median equalized income in a given country

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Results of EUROSTAT study were shocking:

It occurred that:

16% of Europeans were poor
and data for children were even
more horrifying .

**Nearly every fifth child in Europe was
living in poverty**

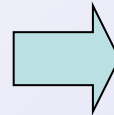
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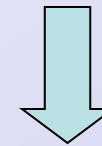
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It made politicians of European Union declare, that

Poverty, and particularly child poverty, constitutes a challenge for European societies which requires consolidated actions

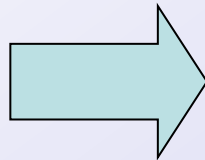


These actions should be based on accurate knowledge produced by carefully designed research

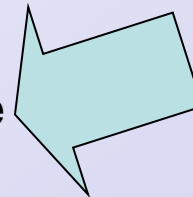


Getting knowledge should improve policy - making

Exchange of good practices between countries



Improved governance should contribute to poverty alleviation



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PROFIT project

was a response to the demand of the European Union for getting knowledge about social groups and localities threatened by intergenerational inheritance of poverty /inequalities **AND** about policies implemented in member states to counteract/ overcome it.

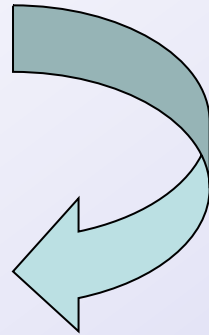
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PROFIT was based on the assumption that

Intergenerational inheritance of
inequalities **constrains** the achievement of
the strategic objectives of the European
Union



and thus

Inheritance of inequalities
poses challenges to member states and
the European Union as a whole.



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Specific assumptions of PROFIT project :

1. **Intergenerational inheritance of inequalities exists in each European society**, but countries differ in its extent and groups, which are affected

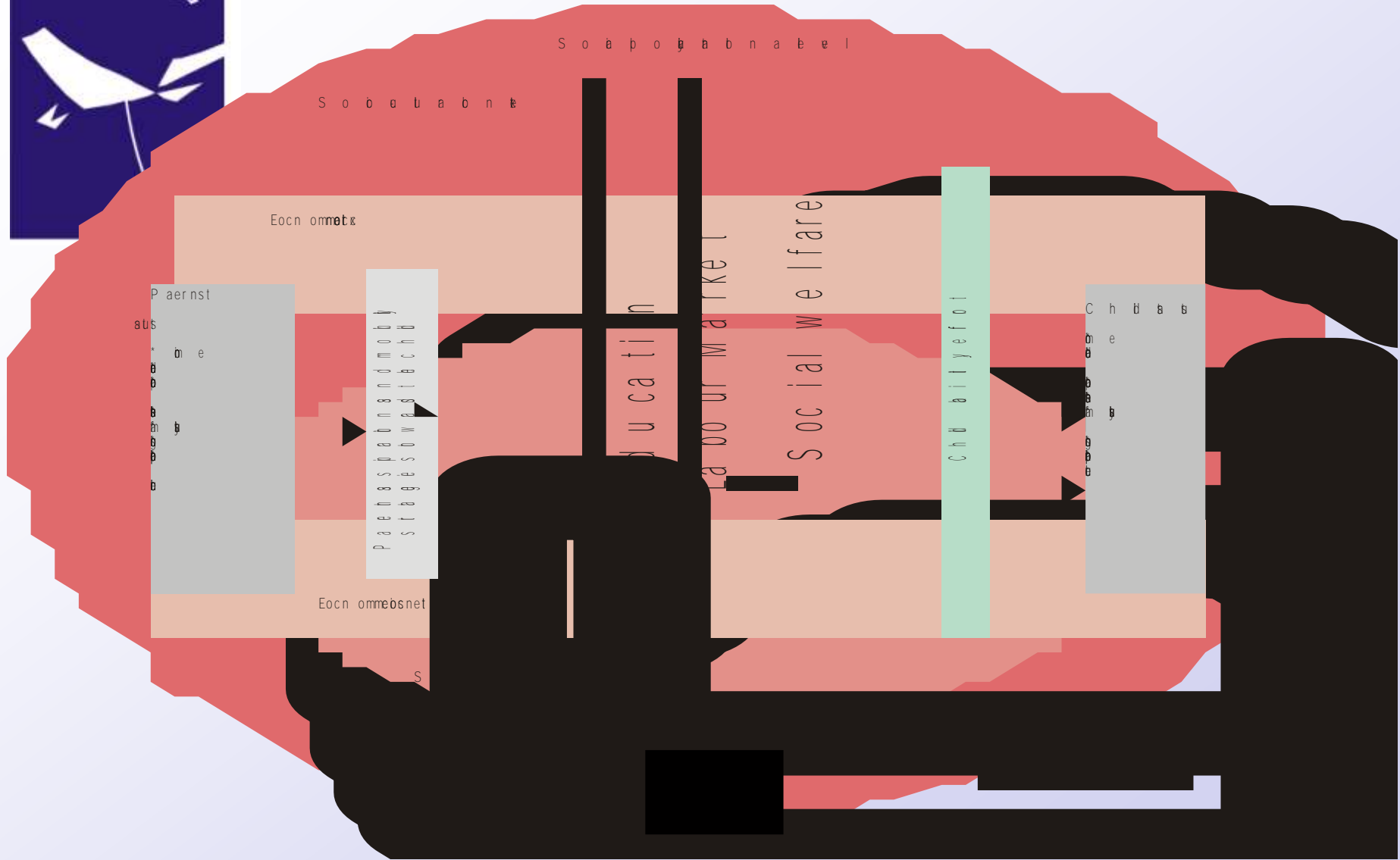
2. **HoFI is a result of intersecting influences of family, community and society**, but countries differ in interrelations
between these structures

3. **The state takes particular responsibility for equality of opportunities** but countries differ in that:

- which policies (educational, social, employment etc) and practices are implemented to exercise this obligation, and
- how responsibility is shared among central and local government

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Figure 1 Analytical model of Ilofi





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It is the family social status

- which primarily defines opportunities of the offspring by means of economic, cultural and social resources. But it is also evident that parents aspirations and investments in child education (*qua* human capital) increase its chances to achieve a higher social status. Child ability and effort is important for its mobility chances. The process of transmission is modified by society (socio-economic-cultural context) and community (social capital and economic resources). Different policies belong to this context and produce or counteract it. Among them of particular importance are the policies in the field of education, employment and social welfare.



Structural and cultural factors for inequality/poverty transmission

Administrative level	Structural factors	Cultural factors
National (society)	<ul style="list-style-type: none"> • Social welfare regime • National social structure composition • Socio-economic standing • Poverty patterns and social problems' composition • Division of responsibility between central and local government 	<p>Top-level policy-makers' and - executives' ways of thinking about inequality reproduction and its overcoming</p>
Local (municipality)	<ul style="list-style-type: none"> • Socio-economic situation • Town's social structure composition • Social infrastructure and resources • Programmes, projects implemented 	<p>Local politicians' and other stakeholders' ways of thinking about inequality reproduction and its overcoming; Social trust potential</p>

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The intergenerational inheritance of inequalities (Ilofi) has been conceptualized

as a process of transmission of different disadvantages (material, social, cultural, etc.) from one generation to another resulting in restricted social and economic mobility of people born in low-status families. Its most severe form and indicator is the intergenerational transmission of poverty.

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The project sought to answer following questions:

- 1. What is the socio-economic-cultural context and what are the policy responses aimed at counteracting Ilofl at the national level?**
- 2. What are the implications of different national context for policies and practices to counteract Ilofl at the local level?**
- 3. What is the relative importance of local policy among the factors affecting social mobility of individuals?**
- 4. What are the possibilities and constrains to transfer good practice examples between communities from different countries?**

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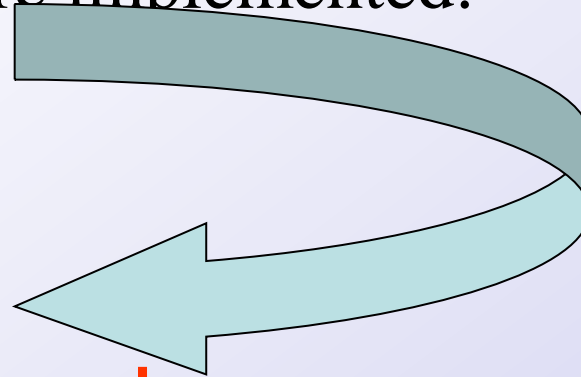


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To answer these questions
the following research methods and
techniques were implemented:



Secondary analyses
of EUROSTAT and
national data



Field work :

- Interviews with MPs
- Focus group interviews with local stakeholders
- Survey among young adults
- In-depth interviews with young people originated in low-status families

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The project was complex and innovative in terms of the research subject and methodology implied.

The medium-size towns are in a focus of research

Young people aged 25-29 are the main object of investigation

Local stakeholders are invited to participate

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Fieldwork was carried out in and comparisons were done between municipalities because:

- it is community/municipality where social services are provided and people's needs are satisfied.
- International comparative studies usually fail to approach the governance provided at local level, being relevant factor for quality of life.



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Case studies were carried out

- In one medium-size (50 -70 thousands of inhabitants) town per country. Selected towns were administrative centres for surrounding villages and small towns and were 'typical' for a given country.

Local stakeholders (were subjects of focus group interviews and young adults were subjects of standardized and in-depth interviews.

Numbers of respondents participating at various stages in the PROFIT research

(number of female respondents in brackets)



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Countries/ towns under study	Interviews with top-level political and social actors	Focus group interviews with local stakeholders from given town	Survey with young adults from given town	In-depth interviews with young from given town
Finland/ Pori	14 (8)	19 (13)	258 (164)	25 (13)
Italy/ Rovigo	15 (8)	16 (7)	251 (121)	29 (9)
Estonia/ Pärnu	15 (7)	20 (11)	163 (98)	15 (6)
Poland/ Tomaszów Maz.	15 (8)	30 (23)	250 (121)	30 (15)
United Kingdom/ Loughborough	11 (3)	27 (14)	133 (54)	15 (6)
Germany/ Giessen	13 (8)	19 (8)	241 (104)	15 (4)
Lithuania/ Jonava	15 (9)	21 (16)	134 (75)	20 (12)
Bulgaria/ Pernik	14 (4)	40 (22)	250 (125)	12 (6)
Total:	112 (55)	198 (114)	1680 (862)	161 (71)

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Local stakeholders and politicians active at national level

- were asked about:
 - extent of intergenerational transmission of poverty/inequality in their towns/countries,
 - Groups particularly vulnerable to poverty transmission
 - Measures and programs applied to counteract poverty reproduction

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Asking young adults

- the project tried to detect the relative importance of different structures (family, peers, school) and policies (educational, labour market, welfare) for creating opportunities and constraints to their social mobility as well as peoples' efforts to be socially mobile. This age cohort experienced the transition to adulthood at the time of radical social changes (system transformation in post-socialist countries, development of global capitalism and the knowledge society in western countries) which contributed to substantial alterations to both opportunities and constraints as compared with their parents' generation



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PROFIT project provided evidence that:

- The risk of intergenerational inheritance of inequalities/poverty is real in European countries.
- It is a political issue in that countries differ in patterns of poverty and social problems composition that impact on the risk of inequality inheritance. The risk of Ilofl is the lowest in Finland and Germany and the highest in new member states and Italy.
- Education is perceived as two-edged sword in the process of inequality transmission

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PROFIT countries location in Atkinson's classification:



	Below-average poverty risk for EU 24	Above-average poverty risk for EU 24
Above-average purchasing power for EU 24	Finland, Germany	Italy, United Kingdom
Below-average purchasing power for EU 24		Estonia, Lithuania, Poland

Average poverty risk for EU 24 is 15%

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PROFIT project provided evidence that:

- The understanding of the problem and its conceptualization differs among top and local level actors:
 - top-level policy makers perceive inequality transmission as a 'private' matter, affecting particular families rather than society as a whole. Sometimes urban-rural division was mentioned.
 - Local stakeholders are aware that persistent poverty, of which the most severe form is poverty reproduction, affects the whole community and poses challenges to local authorities and all municipality residents;
 - social services workers and NGOs are able to point out the geography of poverty and name people who are vulnerable to poverty transmission. They try to tailor social programs, projects and activities to local needs

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PROFIT project provided evidence that:

- Improved coordination between national and local level of administration and between sectors (public, private, non-governmental) is believed to be effective way of counteracting of Ilofl.
- In each town under study there are many examples of practices applied to counteract Ilofl
 - however, due to financial restrictions and the political cycle, projects are of small size and terminated when funding is over
 - to act effectively, disaggregation of statistics is needed to formulate well-targeted support and long-term strategies in municipalities in order to use more effective projects and programs



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PROFIT project provided evidence that:

• Politicians from new Member States generally considered EU's rules and regulations (not to mention its financial resources) as helpful in counteracting the inheritance of inequality/poverty. It was underlined that:

- EU encourages and induces national authorities to set up a viable system of social protection that secures citizens' basic needs and impacts the cycle of poverty's break-up
- the Commission creates the need for taking action in building bridges between education and employment and in elaborating harmonised qualification standards what will contribute to improved employment of young people
- ideas of solidarity, universalism and equal rights widespread in EU will impose new political culture on national political elites
- intra-European migration will contribute to breaking up the cycle of poverty, as people are able to find jobs and seek higher income.

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The added value of the project is to be seen in:

- contextualizing the problem of inequality transmission among generations,
- initiating of mutual learning between researchers and stakeholders in municipalities,
- contributing to improvement of academic skills and competences among young researchers

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The project tried to contextualize the problem of inequality/poverty inheritance

- taking into account that the process of transmission proceeds in the wider social environment constituted by community (meso level) and society (macro level), which are considered important 'players'. They determine the context for transmission of different kinds of capitals/disadvantages between generations. Unlike quantitative cross-national studies in which the term 'residents of medium size towns' denotes nothing else but statistical category in the Profit project it were real municipalities and real respondents living and working there. Researchers had an opportunity to gain knowledge what social infrastructure is in offer, what are the housing conditions there, which programmes are in operation, what people know and think about poverty/inequality incidence and reproduction as well as about management of social risks.

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Carrying out research in real municipality

- enabled giving a voice to all sides “involved” in some way in the process of counteracting of Ilofi, being those who “design”(top level politicians) ”implement” (local politicians, social services’ workers, social administrators, NGOs’ representatives) and “experience” (young adults) policies and practices. It initiated mutual learning process between researchers and local stakeholders as well as between different groups of local stakeholders.

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The national research teams,

- having elaborated reports combining the results achieved at all stages of the field work, presented project findings in the front of local authorities and representatives of different social bodies to get feedback and provoke discussion about inequality/poverty reproduction. These meetings could be considered as a good starting point for further cooperation between academics and practitioners and between various groups of practitioners. The process of mutual learning has been initiated and is believed to continue.

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