Chapter 15
Greece, Turkey, and Cyprus: Poverty Research in a Policy Vacuum
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Introduction

Greece and Turkey are both late industrializing countries whose historical trajectories have been influenced, though to a varying degree, by Eastern socio-political and cultural traditions. This characteristic distinguishes them from the rest of the South European countries. Yet there are also significant differences between the two countries in terms of level and strategy of socioeconomic development, and in this respect Turkey is closer to some other Asian Third World countries, whereas Greece is closer to other countries of the European Union periphery (i.e. Portugal, Spain, Italy, and Ireland). The population of Turkey is more than five times the population of Greece, but GDP per capita in Turkey is much lower than in Greece (US$1,128 and US$3,988, respectively, in 1986). On the other hand, Turkey exhibited a comparatively high rate of economic growth in the 1980s; for the period 1982–7 the average annual rate of growth of GDP was 6.0 per cent in Turkey and 2.1 per cent in Greece.

Cyprus differs in many respects from the other two countries examined here. It has a very small population – a little over half a million inhabitants – and experienced very fast economic growth from the early 1960s, which transformed it from an underdeveloped to a rapidly developing country. Also, its colonial past accounts for some significant socio-institutional influences of a North European origin (i.e. as regards state and administrative structures and the state–economy relationship). From 1960 – the year of its independence – until 1974 the Cypriot economy grew at a high speed, the average annual rate of GDP reaching 7 per cent (Mavros 1989). The Turkish invasion slowed down economic growth in the late 1970s; yet in the early 1980s the economy
succeeded in resuming its upward trend. In 1990, GDP per capita reached US$8,434, an indicator ranking Cyprus among the twenty-five richest countries of the world (Papadopoulos 1991: 30).1

A common characteristic of Greece and Turkey is the large proportion of the labour force employed in agriculture—amounting to about 50 per cent of the economically active population in Turkey and 30 per cent in Greece. Turkey is still predominantly an agricultural country, and urbanization has not proceeded as fast as it did in Greece. In the early 1980s the urban population in Turkey reached 47 per cent of the total population, while the corresponding percentage for Greece was 52 per cent. Furthermore, employment in the tertiary sector (mainly trade, tourism, and personal services) has always been comparatively high in Greece and in Turkey—though to a lesser extent—because employment in industry has remained low. Other common characteristics are the large size of the black economy, high self-employment, and widespread practices of multiple employment by economic actors crossing the line between the formal and informal sectors.

The sectoral structure of the Cypriot economy exhibits many similarities with those of the other two countries, with agriculture and services being the most important sectors. Yet the very good economic performance of Cyprus during the 1980s in relationship to comparatively high welfare indicators, the achievement of almost full employment, and the absence of acute problems of social marginalization, distinguish it sharply from Greece and Turkey.

In Turkey, the 1960s and 1970s were a period of economic recovery through import-substituting industrialization, comprehensive planning, and labour market liberalization, which, however, ended in a deep crisis in the late 1970s. In the early 1980s the stabilization strategy adopted by the military regime facilitated the transition to a pattern of export-oriented growth, which suppressed internal demand and increased socioeconomic inequalities. Greece turned to an export-oriented strategy of economic development quite early—in 1961—when the agreement for joining the European Communities was signed. In the 1960s significant changes are observed in the structure of production favouring industrialization and technological change; per capita income was rising fast and GDP was growing at an accelerating rate. However, these trends weakened in the 1970s and 1980s, and Greece entered a period of persistent economic stagnation, rising inflation, and increasing unemployment. Further, political changes in the early 1980s favoured policies of redistribution and expansion of internal demand. Yet these policies were soon replaced by stabilization programmes as the public deficit and external debt reached very high levels.

A historical tradition of paternalistic/statist structures and clientelistic forms of social and political integration, which characterizes the Mediterranean area, had a stronger influence on South-eastern Europe. This characteristic is closely related to the "weakness of civil society" in these countries; and, as argued elsewhere, among the Mediterranean countries "Greece and Turkey constitute examples of very weak civil societies, extensively depending on the state" (Petmesidou and Tsoulouvis 1994: 507). This feature accounts to a large extent for the political instability experienced by both countries in the postwar period.

As is stressed below, in both countries social exclusion and poverty are higher in rural areas; moreover, welfare institutions and research on socioeconomic inequalities are little developed. For a long period fast economic growth was a top priority in both countries. Poverty alleviation was not considered a primary issue of public policy, but rather it was thought that the welfare of the population would increase as a result of economic growth. Furthermore, in both societies, on the one hand the legacy of paternalistic/statist patterns supports state intervention in the creation and distribution of wealth, income, and jobs, as well as an ideology about the "father state". On the other hand, the weakness of civil society and the pattern of social conflicts hinder any consensus among social strata about the development of consistent and systematic social policies. It is interesting to note here that, in the case of Greece, "access to the state constitutes the main aim of social conflicts, and those groups which are the winners in the struggle to power can use the state mechanism as a means for appropriating resources" (Petmesidou and Tsoulouvis 1994: 508; see also Petmesidou 1987 and Tsoulouvis 1987). Closely related to this is the extensive involvement of economic actors in informal economic activities and clientelistic forms of social and political integration, "which undermine the capacity of society to make explicit a number of processes through which value is created and distributed and such a capacity is, indeed, a precondition for the development of any consistent social planning processes and welfare state institutions" (ibid.).

Poverty research in Greece

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**Poverty research in Greece**

In Greece, during the whole postwar period, policies for redressing socioeconomic inequalities remained rudimentary. This accounts for the lack of data on distributional issues and the
limited research on the extent and intensity of poverty. During the 1960s and 1970s the Greek economy achieved high rates of economic growth, and it was thought that the general improvement in the standard of living would in itself be sufficient to alleviate poverty. Since the late 1970s the deterioration in Greece's economic performance has shaken this over-optimistic attitude. In addition, rising unemployment in the cities has increased urban poverty, while immigration flows from other Balkan countries and the former USSR (e.g. the Greek Pontians) to Greece in the 1990s have created new pockets of poverty in both urban and rural areas.\(^2\)

Still, poverty issues are not in the forefront of public debate, and no official poverty line exists below which the individual or the household would be entitled to public support. To the extent that a limited debate on the degree of poverty and its causes is developing in Greece, this has been induced mainly by the European Community (EC) initiatives to gather information on poverty and social exclusion across the member countries; to finance pilot studies on policy experimentation at the local level; and to promote the exchange of “best practices” to combat social exclusion among national and supranational social policy agencies (e.g. the First, Second, and Third Poverty Programmes of the EC).

A few studies on income inequalities conducted during the 1960s and 1970s drew upon the national accounts and income declarations to the tax office and focused mainly on the “functional” distribution of income, that is on the distribution of total income to the basic factors of production (Athanasiou 1984; Germidis and Negreponti-Delivani 1975; Karagiorgas 1973; Lianos and Prodromidis 1974). On the basis of the data concerning the incomes earned by the three factors of production in the period 1959–71, Lianos and Prodromidis found that the Gini coefficients varied between 0.41 and 0.46. Germidis and Negreponti-Delivani pointed out that indirect taxes contribute significantly to income inequality, while Karagiorgas's study focused on the unequal distribution of the tax burden in Greece. A study by Babanasis offers a historical description of the living conditions of workers' households in Greece from 1900 to 1981, with an emphasis on wage trends, nutritional habits, housing conditions, and other aspects of consumption. Babanasis locates five groups with a high risk of falling into poverty: the homeless, the low-income/low-wage earners, the non-economically active without any resources, migrants and illiterates. He estimated that at the end of the 1970s 20 per cent of the population belonged to these groups and lived in poverty in Greece, whereas the EC average of poor population was 10 per cent (Babanasis 1981 and 1983). These early studies faced severe limitations in terms of the availability of data and most of them were criticized for their limited focus on inequalities between the shares of the factors of production and their neglect of within-shares inequalities (Kanellopoulos 1986: 24).

**Poverty in the 1970s**

Beckerman's study (1979) constitutes the first systematic attempt to examine the extent of poverty in Greece. It was carried out in the context of the World Employment Programme, coordinated by the International Labour Office, and based upon the grouped data of the 1974 household expenditure survey (HES) conducted by the National Statistical Service of Greece (ESYE). Consumption expenditure was defined so as to include, apart from purchases, consumption of own production, consumption of incomes in kind, as well as imputed rents for owner-occupied accommodation evaluated at market prices. Beckerman defined the poverty line for a two-member household as the average per capita expenditure calculated on the basis of the 1974 national accounts data. The equivalence scales used by the author for households with one, two, three, four, five, and six members were 0.625, 1.00, 1.203, 1.404, 1.611, and 1.866 respectively. By applying this poverty line on the 1974 household expenditure data he arrived at the conclusion that 28.2 per cent of all households and 25.7 per cent of the total population of Greece were living in poverty at that time. These findings indicate that poverty was higher among small rather than large households, though this is contradicted by other studies.\(^3\) There is agreement on two of the conclusions: first, that poverty was highest in rural areas (45 per cent of households), and lowest in the Greater Athens Area (11.7 per cent of households); and, second, that the relationship between household size and degree of poverty is U-shaped, because poverty strikes households with one, two, and six members more often, and households with three, four, and five members less often.

Karantinos's study (1985) also drew upon the grouped data of the 1974 HES by ESYE. In contrast to Beckerman, his definition of consumption expenditure excluded consumption of own production, consumption of incomes in kind, and imputed rents for owner-occupied accommodation evaluated at market prices. The poverty line was defined as an income or expenditure limit
limited research on the extent and intensity of poverty. During the 1960s and 1970s the Greek economy achieved high rates of economic growth, and it was thought that the general improvement in the standard of living would in itself be sufficient to alleviate poverty. Since the late 1970s the deterioration in Greece’s economic performance has shaken this over-optimistic attitude. In addition, rising unemployment in the cities has increased urban poverty, while immigration flows from other Balkan countries and the former USSR (e.g. the Greek Pontians) to Greece in the 1990s have created new pockets of poverty in both urban and rural areas.²

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that is assumed to reflect the minimum socially accepted standard of living: 5,000 drachmas monthly expenditure per household, or 1,645 drachmas per capita monthly expenditure, at average 1974 prices. On the basis of this definition, which comes closer to a definition of absolute rather than relative poverty, Karantinos calculated that, in 1974, 30.85 per cent of all households and 24.6 per cent of the total population were poor. In agreement with Beckerman, small households were found to be in poverty more often than large ones (Karantinos 1985: 187; see also Karantinos 1981).

Karantinos examined the distribution of poor households by geographical area; the number of economically active members of the household; the socio-professional category to which the household head belongs; and the age group of the household head. On the basis of this analysis, the following high-risk categories were identified — that is, categories in which more than 45 per cent of households are in poverty — and classified in descending order of risk: (1) households with a head in the age group of 75 years and over; (2) households with no economically active member (the head has retired); (3) households with a head in the 65–74 age group; (4) households living in communities with less than 1,000 inhabitants; (5) households in which the head is a farmer or a fisherman; (6) households in which the head is not working or is seeking work; and (7) households living in communities of 1,000–2,000 inhabitants. Other categories at risk are the households with one economically active member only and those with a self-employed head.

The poverty gap varied from 2 per cent in the Greater Athens Area (GAA) to 17 per cent in the rural areas, while at the national level it was 6.6 per cent. Moreover, though 30.82 per cent of the population lived in the rural areas, the share of these areas in aggregate poverty amounted to 57 per cent. The Sen indices and the Gini coefficients calculated for the four types of geographical areas examined — rural, semi-urban, urban, GAA — also showed that the intensity of poverty was highest in the rural areas. Karantinos concluded that a model of economic development that promotes growth but increases inequalities cannot be successful in the long run. Consequently, in order to combat poverty, “marginal changes in the already existing policies and mechanisms of redistribution are not enough”. Instead, drastic changes are required and the first step in this direction is to define an official poverty line and find out which groups of the population are below this line (Karantinos 1985: 192).

Another study, by Kanellopoulos (1986), examined poverty on the basis of the income data provided by the 1974 HES. This was the first study to use the primary data of this survey — mainly the primary data on the income of the household head, and only secondarily the primary data on household consumption — as well as the first study to experiment with different poverty lines.

The 1974 HES recorded the monthly net income of the household head; this excluded income taxes and social security as well as income in kind, but included incomes from rents, dividends, or other owned sources of material wealth (Kanellopoulos 1986: 29). The author remarked that the income data of the 1974 HES were very underestimated because they amounted to 71 per cent of the personal disposable income of the national accounts; and the underestimation was highest for the incomes of employed and self-employed, incomes accruing from owned assets and business activities, as well as agricultural incomes (ibid.: 36–8). Kanellopoulos used the equivalence scales of 1.0 for the household head and 0.7 for the rest of the members, and by drawing upon the EC’s First Poverty Programme he defined the poverty line as 50 per cent of the average per capita income per equivalent adult. On the basis of this definition it was found that, in 1974, 26.4 per cent of households and of the total population lived in poverty. The size of the poor households did not differ significantly from that of the non-poor ones.

The poverty gap, as a percentage of the total personal income of the sample, amounted to 10.27 per cent, being much higher than the poverty gap calculated by the two previous studies. This happened mainly because the author did not take into account incomes in kind, and he was criticized for this (Tsakloglou 1993a: 378). Also, Kanellopoulos was criticized because he took the household and not the individual as his point of reference, thereby assigning equal weight to small-size and large-size households.

The characteristics of the poor can be summarized as follows (Kanellopoulos 1986: 66–73):

- poverty strikes mostly the rural areas where one in two households live in poverty; in urban areas only 15 per cent of the households are poor;
- poor households are located mainly in the border regions of Epirus, Thessaly, Eastern Macedonia, and Thrace;
- among households with a head employed in agriculture, cattle breeding, and fishing, 40.2 per cent are poor; whereas as regards all other sectors of the economy the percentage is below the national average;
- a strong negative relationship is found between the level of education of the household head and the degree of poverty
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- a strong negative relationship is found between the level of education of the household head and the degree of poverty...
in poverty, while the poverty gap was 4.54 per cent of total consumption expenditure per equivalent adult. The authors remarked that in 1974 Greece appeared to have the largest percentage of poor households within the European Community (ibid.: 146).

Through an analysis of poverty with respect to household size, stage in the family life cycle, geographical area, age, and employment of the household head, Karagiorgas et al. arrived at similar conclusions about the profile of poor households to those of the above-mentioned studies. Poverty increases progressively in relationship to the following factors:

- large household size (three, four, or more children);
- employment of the household head in the primary sector and household residence in one of the border regions (Epirus, Eastern Macedonia and Thrace, Aegean Islands);
- old age of the household head (65 or over);
- low educational level of the household head; and
- insufficient social security coverage.

Karagiorgas et al. also examined the extent of absolute poverty in Greece from the early 1950s to the early 1980s. They defined the absolute poverty line as 10,000 drachmas (average monthly consumption) for urban areas in 1981/82 and 8,000 and 9,000 drachmas for the rural and semi-urban areas, respectively. Then the equivalents at 1957/58, 1963/64, and 1974 average prices were calculated. On the basis of this definition, it was found that, in 1957/58, 10 percent of the population of the urban areas were poor, whereas in 1981/82 only 6.84 percent were below the absolute poverty line. Also, in 1963/64 100 percent of the population in semi-urban and rural areas were poor, whereas in 1981/82 the poor decreased to 47.35 percent and 27.95 percent of the rural and semi-urban population, respectively (ibid.: 131).

The authors concluded that in the early 1980s absolute poverty was greatly reduced in Greece. This was due mainly to the high rate of economic growth in the two previous decades, which improved the standard of living of the population, and only marginally to social policies.3

Relative poverty increased in the urban centres between 1957/58 and 1974, but decreased between 1974 and 1982 because of the considerable improvement of the economic position of the lower income groups since the middle of the 1970s. Yet, given the fact that in rural areas relative poverty steadily decreased in the period under study, the contribution to aggregate poverty by the urban areas – and particularly by small households – was
(92.1 per cent of poor households are headed by a person with education up to primary school level);
- old age is positively related to poverty; elderly couples and old persons (especially old women) living alone constitute an extremely high-risk group;
- the incidence of poverty in respect to family size is U-shaped; also, the more children under 14 there are in the household, the higher is the incidence of poverty;
- only 2 in 10 households are headed by a female breadwinner, and the incidence of poverty is higher than in those headed by a male breadwinner;
- all households with no economically active members are poor, and poverty decreases as the number of household members earning an income increases.

Kanellopoulos concluded that, for the purposes of developing an efficient policy targeted to the groups in the greatest hardship, more research was needed for locating small and homogeneous poverty groups (ibid.: 71). Kanellopoulos also stressed that, in view of increasing unemployment in urban areas and the improvement of the terms of trade for agriculture since the late 1970s, a convergence in the incidence of poverty between rural and urban areas should be expected in the future (ibid.: 75).

**Poverty in the 1980s**

The study by Karagiorgas and his associates (1990) constitutes more comprehensive research into poverty issues in Greek society, including both the income and non-income aspects of poverty. Owing to the lack of reliable data on income distribution, the study was based on the consumption expenditure data of the 1981/82 HES of ESYE. Also, the data of the previous HESs were taken into account for examining changes in the incidence and intensity of poverty in the postwar period. By adopting the same equivalence scales as Kanellopoulos, the authors defined the poverty line as 55 per cent of total consumption expenditure, because expenditure is less equally distributed than income (Karagiorgas et al. 1990: 77). On the basis of this assumption, in 1982, 20.6 per cent of households (641,000) and 22.4 per cent of the population (about 2 million people) were living in poverty (ibid.: 73) – almost double the EC average of 11.4 per cent. Moreover, the poverty gap amounted to 3.22 per cent of total consumption expenditure per equivalent adult. On the basis of the same method, it was found that, in 1974, 25 per cent of households and 27 per cent of the population were living in poverty, while the poverty gap was 4.54 per cent of total consumption expenditure per equivalent adult. The authors remarked that in 1974 Greece appeared to have the largest percentage of poor households within the European Community (ibid.: 146).

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- low educational level of the household head; and
- insufficient social security coverage.

Karagiorgas et al. also examined the extent of absolute poverty in Greece from the early 1950s to the early 1980s. They defined the absolute poverty line as 10,000 drachmas (average monthly consumption) for urban areas in 1981/82 and 8,000 and 9,000 drachmas for the rural and semi-urban areas, respectively. Then the equivalents at 1957/58, 1963/64, and 1974 average prices were calculated. On the basis of this definition, it was found that, in 1957/58, 100 per cent of the population of the urban areas were poor, whereas in 1981/82 only 6.64 per cent were below the absolute poverty line. Also, in 1963/64 100 per cent of the population in semi-urban and rural areas were poor, whereas in 1981/82 the poor decreased to 47.35 per cent and 27.95 per cent of the rural and semi-urban population, respectively (ibid.: 131). The authors concluded that in the early 1980s absolute poverty was greatly reduced in Greece. This was due mainly to the high rate of economic growth in the two previous decades, which improved the standard of living of the population, and only marginally to social policies.5 Relative poverty increased in the urban centres between 1957/58 and 1974, but decreased between 1974 and 1982 because of the considerable improvement of the economic position of the lower income groups since the middle of the 1970s. Yet, given the fact that in rural areas relative poverty steadily decreased in the period under study, the contribution to aggregate poverty by the urban areas – and particularly by small households – was
expected to increase significantly. Karagiorgas et al. also observed a convergence of patterns of consumption between urban and rural areas in the early 1980s.

As regards educational inequalities, the analysis showed that the members of poor households aged 13 years and over reached only 55 per cent of the level of education of the corresponding category of members of better-off households, while the level of education of the heads of poor households was less than 50 per cent of that of heads of better-off households. To the extent that the children of poor households experienced intergenerational upward mobility, this was considered to be of a structural rather than an exchange type, because it was accounted for mainly by changes in the employment structure. On the other hand, among the children of better-off households exchange mobility occurred more often; and this showed that the better-off children were able to realize their ambitions to acquire a higher educational capital, often independently of the requirements of the labour market (ibid.: 464). For poor children, education was unable to break the cycle of cumulative social deprivation intergenerationally.

Although housing conditions for the poor had improved in the period under study, there were still considerable inequalities in the early 1980s. In 1981/82, the number of poor households living in overcrowded conditions (more than one person per room) was 1.5 times higher than for the better-off. This ratio stayed constant during the whole postwar period, although the percentages of poor and better-off households living under conditions of overcrowding decreased. House ownership was found to be higher among poor than among better-off households. Moreover, a convergence was observed in terms of amenities such as running water, kitchen, toilet, and electric refrigerator; while great differences still existed as regards central heating and washing machine and car ownership.

Tsakloglou’s study (1990 and 1993b) also focused on changes in the extent and degree of poverty in Greece between 1974 and 1982 by using the same data sources as the above study. The definition of consumption expenditure by Tsakloglou included, apart from purchases, consumption of own production, consumption of income in kind, and imputed rent for owner-occupied accommodation evaluated at market prices. Following an OECD definition of the poverty line, Tsakloglou set this line at two-thirds of median consumption expenditure per equivalent adult in the relevant year. On the basis of this definition, 24.3 per cent of the 1974 HES sample were classified as poor, while in 1982 the corresponding percentage was slightly lower (22.7 per cent). In 1982, the aggregate poverty gap was equal to 3.41 per cent of total consumption expenditure and its elimination would have required the transfer of 3.77 per cent of the consumption expenditure of the better-off to the poor.

By examining poverty with respect to geographical area, the occupational and demographic characteristics of households, and the level of education of household heads, Tsakloglou concluded that:

- poverty is more acute in rural areas and when household heads engage in primary production (rural poverty contributed between two-thirds and three-quarters of aggregate poverty in both surveys);
- poverty is high in households headed by retired persons; moreover, 63.7 per cent of this group were living in the countryside, that is, poverty is high in households headed by retired farmers;
- poverty is relatively high among households belonging to the heterogeneous group “other” (households headed by housewives, students, unemployed, unpaid family workers, etc.).

Furthermore, with the rapidly declining number of farmers and the increasing number of retired persons, Tsakloglou expected “that in the near future the latter may be the single most important group in poverty”. Since about 30 per cent of aggregate poverty was accounted for by two groups where the household head was not an employed person (“retired” and “other”), it might be reasonable to expect that in Greece – as in many other European countries – poverty is associated with a lack of economically active persons in the household (Tsakloglou 1990: 392).

Tsakloglou maintained that any variations in the extent and degree of poverty can be only marginally attributed to demographic and occupational changes that occurred in the period 1974–82. His analysis showed that, when the population is grouped according to various criteria (demographic, occupational, etc.), over 84 per cent of the recorded decline in relative poverty was attributable to changes in poverty within groups. The picture was completely different when the population was grouped according to the educational level of the household head: the poverty indices calculated by Tsakloglou showed that about two-thirds of the decrease in poverty was due to changes in population shares. Thus the improvement in the educational level of household heads had a strong positive effect on poverty alleviation (ibid.: 398).

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programme of redistribution that substantially increased minimum salaries, wages, and pensions, and extended social security coverage to groups that were not previously covered. Tsakloglou maintained that “these policies had a positive impact on poverty alleviation” by redistributing money from the better-off to the poor. However, the effects of these policies on economic growth were considered detrimental by the author, given that between 1981 and 1985 the average annual growth rate of GDP per capita was only 1.0 per cent and the central government deficit as a proportion of GDP rose from 6.5 per cent to 9.8 per cent. In 1985, a stabilization programme was put into effect that most probably increased aggregate poverty in the middle of the 1980s (ibid.: 401).

**Urban poverty**

There are very few studies on urban poverty. Bouzas (1990) used the grouped data of annual net income (excluding direct taxes and social security contributions) for the year 1984, collected in the context of a study of income distribution in the Greater Athens Area (GAA) conducted by Karagiorgas, Kasimati, and Pantazidis (1988), in order to examine poverty in Athens. The poverty line and equivalence scales were defined in the same way as in Karagiorgas et al. (1990). In 1984, 19 per cent of households and 22.5 per cent of the population in the GAA were living in poverty. The incidence of poverty increased with the size of the household: households with six members exhibited the highest deviation from the poverty line. The aggregate poverty gap amounted to 3.1 per cent of the total net income. Bouzas rejected the approaches that locate the causes of poverty in the characteristics of the poor (e.g. the poverty culture) and emphasized factors such as economic and social policy and especially the absence of substantial social benefits related to the constitution and size of the household.

In the context of the EC’s Third Poverty Programme, in 1991 a survey of income distribution was conducted by Kanellopoulos (1993) in the municipality of Perama (on the periphery of the GAA) on the basis of a sample consisting of 10 per cent of the households of this municipality. The Gini and Theil coefficients for Perama – 0.408 and 0.275 respectively – were found to be higher than those for the GAA (0.345 and 0.221 respectively). Thus income inequalities in the Perama community were higher than aggregate inequalities in the GAA.

Relative poverty in Perama and its extent and intensity were examined on the basis of alternative definitions of the poverty line (i.e. the first quintile, 50 per cent of the median income per equivalent adult, and subjective methods). By setting the poverty line at 50 per cent of the median income per equivalent adult (with equivalence coefficients defined as 1.0 for the household per head, 0.70 for every other adult member, and 0.50 for each child under 15 years of age), Kanellopoulos found that 135 households in the sample (19.6 per cent) were living in poverty. These were mostly large households with more than six members (35.8 per cent of households in this category were living in poverty, whereas only 7.3 per cent of one-member households were found to be poor). However, the highest contribution to poverty was exhibited by four-member households, even though this category did not exhibit the highest percentage of poverty. Also the income of this category of households was 42 per cent below the poverty line, thus exhibiting the highest poverty gap. On the basis of these findings the author concluded that, if we want to design an efficient and effective policy to combat poverty, its primary target should be four-member households with the highest intensity of poverty, and not the six-member households with the highest incidence of poverty.

In order to alleviate poverty in the community under study, 1.16 per cent of aggregate income would have had to be redistributed from the better-off to the poor, on the basis of the above definition of the poverty line. On the basis of the method of the first quintile, 5.28 per cent of aggregate income would have had to be redistributed, and this would have been even more if poverty had been defined by subjective criteria (1993: 143). Kanellopoulos also used a number of poverty indices, belonging to the group of Sen indices, that showed a positive relationship between household size and the poverty gap.

A striking characteristic is that one in every two poor households was headed by a person who was employed. Unemployed persons and housewives as household heads constituted a very small percentage of the sample. Also, the incidence of poverty for the households headed by a retired person was equal to the average (19.6 per cent). Household heads with technical education qualifications exhibited a lower incidence of poverty than household heads with general education qualifications. Equally striking is that the incidence of poverty was higher among the self-employed (29.6 per cent) than among the salaried and wage-earners (15.3 per cent) – a finding that can be accounted for by the underrating of the incomes of the self-employed persons of the sample. As regards the occupation of the household head, a higher incidence of poverty was exhibited by tradesmen and sales personnel and by persons employed in transport and restaurants,
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and a lower incidence by workers in industry (e.g., workers in heavy industry). The sex of the household head did not seem to be a decisive factor in poverty.

Kanellopoulos stressed that poverty is a multidimensional phenomenon that cannot be restricted to income factors. For instance, when we observe a density of more than one person per room, as happened in 15 per cent of the households of the sample, we should consider it an aspect of poverty as well. On the other hand, house ownership is not decisive for distinguishing the better-off from the poor, because 82.4 per cent of households were living in owned accommodation.

On the basis of a subjective poverty line, poverty in Perama was very extensive: 55.4 per cent of households considered themselves to be poor, and poverty was extremely high among one-member households (95.1 per cent of these households), as well as among large households (53.4 per cent of six-member households), and lower among medium-size households (47.1 per cent of the four-member households). Moreover, one in every two households considered the unemployed to be poorer than the disabled, though unemployment was not very high in this community. Only 6.1 per cent and 1.0 per cent of households considered idleness and illiteracy, respectively, to be the main causes of poverty. On the other hand, 44.4 per cent stressed that poverty is accounted for by macroeconomic conditions such as unemployment and inflation or by overall governmental policy (30.3 per cent); and 1.3 per cent blamed poverty on a deficient social security policy. The author concluded that subjective definitions refer to economic difficulties in a wider sense rather than to poverty in the strict sense of the term.

Finally, Kanellopoulos stressed that a large percentage of the households in Perama (mostly the poor households) had very scanty information about the social services offered at the local level. Their information was restricted to the services addressed to the disabled and to families with many children. This raises the issue of the deficiency of the local information system as regards citizens' rights and the kinds of social services offered by various agencies.

A study by Chtoursis (1992; also Chtoursis et al. 1993), undertaken in the context of the EC’s Third Poverty Programme, focused upon the least privileged groups and the role of the family in social protection in the municipality of Argyroupolis (part of the GAA too). Chtoursis considered the family to be “the most important institution for social protection in Greece today”. According to him, this was accounted for partly by the until recently dominant agricultural tradition in Greek society, and partly by “a natural attitude of self-protection in view of the absence of state intervention and state institutions for social protection” (1992: 14). Given this tradition, Chtoursis argued that social policy in Greece would be more efficient if based on decentralized institutions, at a community level, that could activate citizens, rather than on “classical methods” of social policy implementation through the development of public institutions for social protection controlled by the central state. Also, he questioned “the likelihood of functional success of institutions of protection based purely on private economic criteria, such as firms offering social services, since they do not incorporate in any special way the existing forms of protection provided by social institutions and particularly the family” (ibid.). However, Chtoursis seems to ignore the fact that, in the field of social protection, Greece lacks any tradition of strong voluntary organizations and processes of self-help at the local level on which his policy recommendations could draw; and, as has been stressed by other studies, this is mainly due to the weakness of civil society in Greece (Petmesidou 1987, 1992).

It was estimated that 8.5 per cent of the households in Argyroupolis were living in relative poverty, which is defined as “the inability of a person to reach 50 per cent of the average per capita income” (Chtoursis 1992: 114). Yet, on the basis of an alternative definition of poverty, taking as a point of reference the minimum wage as defined through collective bargaining, 21 per cent of the households were considered poor. This was also supported by subjective opinions about poverty in this community. Chtoursis’s remarks about the relationship between local economic conditions and the existence of less privileged groups living in poverty are rather contradictory. At one point he assigned the causes of poverty to local economic problems, yet at another point he stressed that most of the economically active population of the community were employed or seeking jobs in other parts of Athens and Piraeus (ibid.: 57 and 39). The complex interrelationships between local conditions and broader socioeconomic processes in the Greater Athens Area were not touched upon by the author.

Social policy in Greece

Petmesidou’s work on social inequalities and social policy in Greece (1991 and 1992; see also Petmesidou and Tsoulovis 1990) raises the central question: why in Greek society has a wide consensus about the necessity of developing extensive welfare
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institutions as well as about the aims of such policies scarcely been achieved?

In Greek society the amount of resources appropriated by economic actors through direct or indirect state intervention is quite substantial. This is manifested by the high ratio of public expenditure to GDP (about 50 per cent in the 1980s), and by the high share of the salaries of public employees in the total of salaries and wages: in 1985 it reached 33.5 per cent, and, if we include the rest of the public sector (public utility corporations, banks, and nationalized industries), the ratio comes close to 50 per cent. Yet, despite the high level of public expenditure, state intervention has always been very ambivalent and has rarely, until now, led to any consistent and systematic planning processes; urban and regional planning policies have been rudimentary and state welfare institutions little developed. Moreover, Petmesidou underlines the absence of compromises among conflicting social groups about the goals of social and economic planning. During the whole postwar period, the only context in which it was possible for a social and political consensus to be achieved in Greek society concerned the use of the state machinery for the appropriation of the social surplus by the winners in the struggle for power.

On the basis of the grouped data of the HESs by ESYE (1957/58, 1967/68, 1974, and 1982) Petmesidou showed that in the period in which Greece experienced comparatively high growth rates – from the early 1960s to the middle of the 1970s – the standard of living of low-income groups deteriorated. In parallel, public spending on social welfare services remained stagnant at a very low ratio to GDP (around 3 per cent). Inequalities in consumption expenditure among socio-professional groups decreased significantly only from the late 1970s; while a rapid expansion in social expenditure was observed in the early 1980s – that is, in a period of economic stagnation. These findings sharply contrast Greece to North-west European countries.

By examining the trends in the social budget, Petmesidou stressed that transfer payments constitute the most important component of social expenditure (consisting mainly of pension expenditure), absorbing a comparatively large share of GDP over the whole postwar period. Yet, for fifteen years after 1960, transfer payments expenditure increased very slowly in absolute figures. In the second half of the 1970s, a substantial increase was discerned; but a steep upward trend occurred after 1982. The rapid increase in government expenditure and in the social budget by the successive PASOK (Panhellenic Socialist Movement) governments in the 1980s, and a rhetoric about

Poverty research in Turkey

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Existing data are of poor quality. According to Özbudun and Ulusan, “there are few observations, definitions shift through time in the same ‘series’, sources are not fully documented, and the comparability of concepts and methods is weak across official sources, let alone across the various ad hoc scholarly studies on which one must partially rely” (Özbudun and Ulusan 1980b: 7).

Neither of the above studies produced its own extensive survey research data, but relied largely on available data sources, such as national accounts, population censuses, and industrial surveys and censuses, as well as the published and unpublished results of a set of three nation-wide household surveys (1963, 1968, and 1973). The data prior to the 1973 household survey do not allow a
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Modernization and changing socioeconomic inequalities

The essays in the volume edited by Özbudun and Ulusan covered a period in which Turkey exhibited dynamic growth that made possible the emergence of a considerable ferment of populist, redistributive change (1980b: 3). The essays focused on the distribution of material benefits - in an income or flow sense; although this does not mean that the authors did not recognize the importance of the distributions of non-traded, non-monitized material benefits and the way these are linked to income distribution. There was no agreement on a preferred definition of a poverty line, but, instead, several definitions used by official sources were adopted by the authors (ibid.: 6). On the other hand, the authors agreed that the net effects of public policy efforts to reduce inequality were rather weak in the period under consideration. Inequalities increased considerably and the structure of inequalities changed as the gap between the agricultural and non-agricultural sector narrowed.

Özbudun advanced the hypothesis that income distribution becomes a political issue when a society is extensively modernized. In addition, Özbudun and Ulusan adopted the view that "societies in the middle phases of socioeconomic development" tend to exhibit more inequalities than "societies that are less or much developed" (1980b: 14). Özbudun describes the dominant traditional cleavage in Turkish society as a centre-periphery cleavage. This is a politico-cultural distinction, in which the centre denotes the state apparatus and the social strata that have access to it, while the periphery consists of the social strata excluded from such access. This cleavage originated in the social and political culture of the Ottoman Empire and gave rise to social conflicts and a class consciousness very different from those we find in Western countries. For a long time in Turkish society the main social conflict was between the ruling bureaucratic class (or "the political ins") on the one hand, and the outsiders ("the political outs") on the other. What is more important, in contrast to Western societies where such a political cleavage reflected other social cleavages and conflicts (e.g. between rural and urban interests, the bourgeoisie and the working class), in the Ottoman Empire - and in Turkish society until the early 1960s - it acquired a salience that made it the basis of all social conflicts. The social strata in the centre were mainly the state bureaucracy, the military, and big landowners, while the periphery consisted of the commercial and industrial middle classes and commercialized farmers - although some social groups, for instance landowners, are sometimes seen as located in the centre and sometimes in the periphery.

Closely related to this characteristic is a legacy of a highly centralized governmental authority and a pervasive culture and ideology accepting "the paramountcy of 'father-state' - a sovereign and autonomous entity, almost independent from society" (Özbudun and Ulusan 1980b: 3). The legacy of statism and paternalism in relationship to the homogeneous character of Turkish society - owing to the absence of ethnic and religious conflicts that might be cumulative with class conflicts - apparently favours the pursuit of redistribution policies. Yet, as long as the traditional centre-periphery cleavage dominated Turkish society, equity issues hardly came to the forefront of political debates on redistribution. Such issues acquired political significance with the emergence of a "new functional or class cleavage" with growing industrialization and urbanization. The 1960 Revolution - as the military coup of 1960 is called - and the new Constitution of 1961 are considered to be a turning point in the socioeconomic and political development of Turkey.

As regards economic development, at the end of the 1950s the possibilities of agricultural development and raw material exports were exhausted and a change of policy towards planning and investment for industrialization is observed. The decades of the 1960s and 1970s constituted a period of import substitution and expansion of the home market (Özbudun 1980: 67–75; see also Ayata 1990; Hansen 1991: ch. 6; and Keyder 1987). During
detailed decomposition of income distribution, apart from a two-sector distinction (agricultural and non-agricultural sector). Moreover the 1968 survey is considered to be flawed in many respects: income is found to be underreported by about 38 per cent, while 17 per cent of households were excluded from the survey on the basis of a "shocking choice" to exclude households with a male head whose wife was over 45 years old (Hansen 1991: 278). A more detailed analysis of income distribution is possible only on the basis of the 1973 survey data derived from the fertility and population survey conducted by Hacettepe University (Dervis and Robinson 1980: 85). Yet this survey is also strongly criticized. Among other things, Hansen stresses that "income in non-agricultural activities was underreported by 19.5 per cent and in agriculture (after corrections) by 6.6 per cent; agricultural population was underestimated; and the results for agriculture, which were deemed to be unreliable, were replaced by indirect estimates" (Hansen 1991: 278).

Modernization and changing socioeconomic inequalities

The essays in the volume edited by Özbudun and Ulusan covered a period in which Turkey exhibited dynamic growth that made possible "the emergence of a considerable ferment of populist, redistributive change" (1980b: 3). The essays focused on "the distribution of material benefits — in an income or flow sense"; although this does not mean that the authors did not recognize the importance of the distributions of non-traded, non-monitized material benefits and the way these are linked to income distribution. There was no agreement on a preferred definition of a poverty line, but, instead, several definitions used by official sources were adopted by the authors (ibid.: 6). On the other hand, the authors agreed that the net effects of public policy efforts to reduce inequality were rather weak in the period under consideration. Inequalities increased considerably and the structure of inequalities changed as the gap between the agricultural and non-agricultural sector narrowed.

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these decades significant changes took place aiming to strengthen the legal position of various institutions of civil society (i.e. voluntary associations, chambers representing occupational groups, pressure groups, and trade unions). With the 1961 Constitution, the right to combine, form unions, undertake collective bargaining, and go on strike was firmly established on the legal plane. In parallel, the scope of basic human rights was extended formally through the provision of institutional safeguards against the violation of individual freedom of thought and action, and “social rights” were recognized as the Constitution assigned an active role to the state to redress socioeconomic inequalities and maintain the welfare of its citizens. Some other major decisions taken by the military government in the early 1960s were: “the establishment of the State Planning Organization (SPO), the introduction of the declaration of wealth which would make evasion more difficult, the expropriation and distribution of the lands of 55 large landowners in eastern Turkey, and the preliminary studies made of land and tax reforms” (Ozbudun 1980: 62).

These conditions “provided a first genuine forum for a discussion of social and economic inequalities in the country”, while for the first time “the term social state was adopted as one of the principal characteristics of the republic” (ibid.). The two main parties that successively ruled the country from the 1960s to the 1980s – with some short intervals of military rule during the early 1960s and early 1970s – both accepted the minimum requirements of the social state: the Republican People’s Party (RPP) was committed to a populist model of development supporting an interventionist economic policy, political participation, and the expansion of government expenditure; while the Justice Party (JP) adopted a technocratic model stressing economic growth and minimum welfare provisions to those below the poverty line. A concern about equity issues was introduced from above through the 1961 Constitution. But such issues attracted the attention of a large part of the electorate later – in the mid 1970s – when most of the urban low-income groups shifted their electoral support from the conservative party (the Democratic Party transformed into the Justice Party) to the social democratic RPP.

Ozbudun concluded that these developments made Turkey a good example of the association between level of socioeconomic development and the relative importance of issues of distribution in a society. Yet, his predictions about the possibility of an effective redistributive policy were rather gloomy. In a Third World country trying to speed up development, both the populist model of development and the technocratic model generate their own vicious cycle. In the former model, growing public expenditure limits economic growth and increases social conflicts as more groups become participant in the political game and attempt to share a stagnant or slowly growing pie; the result is social and political instability. In the latter model, a high rate of economic growth can be achieved, but at the expense of social justice and political participation and this will increase polarization and social unrest.

The patterns of inequality in Turkey were examined by Dervis and Robinson (1980) with reference to the degree of “dualism” in this society. According to them the gap between output per man in agriculture and in the rest of the Turkish economy (called, after Kuznets, the “K ratio”) constitutes a main indicator of the extent of inequality in a developing country. It was found that in 1968 the K ratio was 5.09, considered to be one of the highest values, which made Turkey an extreme case by international standards. A combination of factors, such as “rapid migration, a sharp movement in the terms of trade in favour of agriculture, and quite rapid technological change and mechanization” in the 1970s had as an effect a small reduction in the K ratio, which fell to 4.26 in 1973. From disparities in productivity they calculated per capita and per household income disparities, which were found to be quite high and confirmed inter-sectoral inequality as a major source of overall inequality in Turkey in the middle of the 1970s. In 1973, per capita non-agricultural income was 3.74 times per capita agricultural income; per household non-agricultural income was 3.12 times per household agricultural income; and per household disposable non-agricultural income (net of direct taxes) was 2.28 times per household disposable agricultural income (Dervis and Robinson 1980: 98).

Among other things, a progressive improvement in the terms of trade in favour of agriculture was expected by Dervis and Robinson to narrow the gap between agriculture and the rest of the economy in the future; and this would change the pattern of inequalities significantly. The divide between industrializing urban centres and the rural poor would cease to be a major break in society as intra-urban inequalities increased and the expanding urban-industrial sector came to dominate the distribution debate (ibid.: 98–9).

Within the urban sector, the authors distinguished four major socioeconomic groups:

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posed of exporters, importers, contractors, industrialists, traders, doctors, lawyers, engineers, and top-level managers; it comprised 1.6 per cent of the population (with an average household size of 4.7 persons).

- Government employees constituted a very large socioeconomic group in Turkish society (9.8 per cent of the population; average household size 4.9 persons). Their mean income was only one-fifth of the professional mean income and was very close to the overall mean, yet the within-group variance was quite high, with significant proportions of the wealthy and the very poor. These two groups together, with the small groups of white-collar workers and rentiers, constituted the educated, urban middle class.

- The urban working class comprised 21 per cent of the total population (average household size 5.3 persons). The mean income of skilled workers was slightly below but very close to the national average, whereas that of unskilled workers was very much below the overall average.

- The urban traditional sector comprised mainly artisans and small traders (15.4 per cent of the population; average household size 5.6 persons). It is interesting to note that the traditional sector had a mean income higher than the mean income of urban labour and its within-group variance was also very high.

In order to measure the extent of poverty in Turkish society, Dervis and Robinson took an annual household income in 1973 of TL12,000 (approximately US$840, constituting 50 per cent of average annual household income) as the extreme poverty line “below which people are unlikely to be able to adequately feed themselves and unable to enjoy even the minimum standards of a dignified human life” (1980: 110). On the basis of the 1973 Hacettepe-SPO population survey, which included data by socioeconomic group, Dervis and Robinson found that 30 per cent of households were in this condition: 55.6 per cent of the very poor were farmers, 16.6 per cent unskilled labourers, 13.2 per cent artisans, and 5.5 per cent government employees. The next cut-off point was defined at TL 24,000, and households below that income were considered by the authors “as definitely poor”. This income group included 40 per cent of the Turkish population: 14.5 per cent were government officials, 15.2 per cent labourers, 14.3 per cent unskilled labourers, 18.4 per cent artisans, and 36 per cent farmers and rural labourers. Households earning between TL 24,000 and TL 72,000 constituted 25 per cent of the Turkish population, while the very rich households earning more than TL 72,000 amounted to only 5 per cent (of them 26 per cent were capitalists and professionals, 8 per cent government officials, 10 per cent artisans, and 49 per cent farmers).

An important characteristic is the spread of agricultural households in all income ranges, accounting for the high within-group variance. The mean income of the top decile was 54 times the mean income of the bottom decile for agricultural household, while the corresponding ratio for non-agricultural households was 29. The proportion of agricultural households in poverty was much greater (49 per cent) compared with non-agricultural households (29 per cent); while the mean income of the bottom decile of non-agricultural households was 2.69 times that of the agricultural bottom decile (ibid.: 111–12).

The highly unequal ownership of land accounted for the high within-group variance in the agricultural sector. According to an SPO study of land distribution in 1973, 22 per cent of rural households in Turkey were landless and 20 per cent owned less than 1 hectare. However, the land owned by these 42 per cent amounted to only 3 per cent of total privately owned land. Conversely, households with 100 or more hectares of land constituted only 0.12 per cent of rural households (and owned 5.27 per cent of the land). Land distribution was particularly unequal in eastern and south-eastern regions (Ulusun 1980).

Interregional inequalities were also very high and, as Danielson and Keles argued, the overall effects of urbanization have been “the perpetuation of serious disparities between rural and urban areas, between eastern and western Turkey, and among different kinds of cities” (Danielson and Keles 1980: 301). In terms of regional incomes, Dervis and Robinson argued that “there is not so much a clear-cut dualism as a more gradual progression from the relatively rich big cities to the poorest eastern region [eastern Anatolia], with the other non-big-city regions forming an intermediate group” (Dervis and Robinson 1980: 118). In the three largest cities (Instabul, Ankara, and Izmir) mean income was more than twice as high as that in the poorest eastern region of eastern Anatolia. Moreover, more developed regions displayed less within-region inequality. For instance, in the three big cities 14 per cent of the households were very poor and 9 per cent extremely wealthy, compared to 38 per cent and 5 per cent, correspondingly, for the country as a whole. On the other hand, in eastern Anatolia 54 per cent of the population were very poor and only 2 per cent very wealthy (ibid.: 118).
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The extent of squatter housing constitutes an indicator of intra-urban inequalities. In the middle of the 1970s, 27 per cent of the urban population lived in squatter housing (gecekondu) and more than two-thirds of them were in the three big cities (70 per cent in the early 1990s), accounting for about 50 per cent of urban space. Also 60 per cent of squatter housing was owner-occupied and the rest was rented to migrants. Although squatter housing in Turkey tends to be a good deal more substantial than the flimsy shanties found in many Asian and Latin American cities, it has many deficiencies such as severe overcrowding and lack of sewerage, running water, and electricity (Ergun 1991). The gecekondu play a significant role in easing the assimilation of migrants, and because public resources are inadequate to meet the housing problems of the migrants, the Turkish state came to view gecekondu as an essential aspect of urbanization and modernization (Danielson and Keles 1980: 298).

A field in which public policy has succeeded in bringing about some equalizing effects is education. As Aral (1980) observed, provincial inequalities in enrolment rates and in teacher/student ratios decreased significantly between 1950 and 1970 at all three levels of education (primary, middle, and lycée). In this respect, a majority of provinces moved closer to the national norm in the period under study. Nevertheless, the way in which the Turkish educational system operates has the effect of increasing, rather than decreasing, inequalities in income.

The main conclusion of the studies in Özbudun and Uluslan (1980a) was that various trends in Turkish society would, sooner or later, increase pressures for redistribution. These trends were: increasing inequalities in the agricultural sector owing to growing landlessness and the differential effect of public support policies to agriculture, which tended to make big landowners even better off (Uluslan 1980; Ergünder 1980); the emergence of class-based politics with increasing modernization (Özbudun 1980); limited opportunities for external migration and the poor economic performance of the Turkish economy at the end of the 1970s, which led to rising urban unemployment and a growing radicalization of the poor. Moreover, given the still large size of the agricultural sector and the high degree of inequality within it, any policy of redistribution, in order to be effective in reducing overall inequalities, should first succeed in reducing inequality within this sector.

Estimates of poverty in the 1970s and 1980s

As stressed above, Hansen was very critical of the available information on income and wealth distribution in Turkey, which he considered to be “of poor quality, in terms of both size and functional distribution” (1991: 275). On the basis of the available information he calculated some indicators of income distribution for the period 1952–83. Yet he stressed that they could not provide any basis for firm conclusions about trends in income distribution: “The national Gini coefficient points to a slight decline in inequality but the lowest quintile share points, if anything, in the opposite direction while the highest quintile share tends to support the national Gini coefficients” (ibid.: 275).

Equally difficult was to draw a firm conclusion about trends in the distribution of income by region on the basis of the 1968 and 1973 surveys: “The differences between 1968 and 1973 for the big cities are too large to be credible” (for instance, the average household income in Izmir, as a percentage of the country average, was found to be 355.9 in 1968 and 159.9 in 1973). Furthermore, “the ratio between the weighted average of household income for the metropolitan regions and the predominantly rural regions is 3.3 in 1968 against only 2.3 in 1973, a decline that does not seem credible in view of the fact that agricultural income was relatively low in the latter year” (ibid.: 280).

Estimates of poverty based on the 1973 survey of income distribution were considered to be flawed because of the weaknesses of that survey, mentioned above. Most importantly, “because the poverty line [TRY 12,000] is kept constant over time and the same for agricultural and non-agricultural families, one should already for that reason expect poverty to be more pronounced in than outside agriculture”. Extrapolations for 1978 and 1983 based on the data of the 1973 survey were considered to be dubious and there was no evidence against which the results could be tested (ibid.: 288). On the basis of the adjusted data for 1973 by Celasun, Hansen calculated that 32 per cent of households in Turkey were below the poverty line in that year; the estimates for 1978 and 1983 exhibited a significant decrease in the percentage of households living in poverty at the end of the 1970s (25 per cent), but an increase in the early 1980s (30 per cent). This shows, that alter the reforms and change in development strategy in 1980, poverty increased, though it was less pronounced than a decade earlier. In agriculture, in 1973 50 per cent of households were below the poverty line; and though there was an improvement at the end of the 1970s (42 per cent of households were found to be below the poverty line in 1978), the situation deteriorated again in the early 1980s, when, it was estimated, 51 per cent of households were living in poverty (ibid.: 288, table 6.15).
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Equally difficult was to draw a firm conclusion about trends in the distribution of income by region on the basis of the 1968 and 1973 surveys: “The differences between 1968 and 1973 for the big cities are too large to be credible” (for instance, the average household income in Izmir, as a percentage of the country average, was found to be 355.9 in 1968 and 159.9 in 1973). Furthermore, “the ratio between the weighted average of household income for the metropolitan regions and the predominantly rural regions is 3.3 in 1968 against only 2.3 in 1973, a decline that does not seem credible in view of the fact that agricultural income was relatively low in the latter year” (ibid.: 280).

Estimates of poverty based on the 1973 survey of income distribution were considered to be flawed because of the weaknesses of that survey, mentioned above. Most importantly, “because the poverty line [TL12,000] is kept constant over time and the same for agricultural and non-agricultural families, one should already for that reason expect poverty to be more pronounced in than outside agriculture”. Extrapolations for 1978 and 1983 based on the data of the 1973 survey were considered to be dubious and there was no evidence against which the results could be tested (ibid.: 288). On the basis of the adjusted data for 1973 by Celasun, Hansen calculated that 32 per cent of households in Turkey were below the poverty line in that year; the estimates for 1978 and 1983 exhibited a significant decrease in the percentage of households living in poverty at the end of the 1970s (25 per cent), but an increase in the early 1980s (30 per cent). This shows, that after the reforms and change in development strategy in 1980, poverty increased, though it was less pronounced than a decade earlier. In agriculture, in 1973 50 per cent of households were below the poverty line; and though there was an improvement at the end of the 1970s (42 per cent of households were found to be below the poverty line in 1978), the situation deteriorated again in the early 1980s, when, it was estimated, 51 per cent of households were living in poverty (ibid.: 288, table 6.15).
Some other indicators of “human wealth” calculated by Hansen concern nutritional status, life expectancy, enrolment ratios, rates of illiteracy, and years of completed formal education. During the two decades of state planning—the 1960s and 1970s—intakes of calories, protein, and fat increased substantially. In the early 1980s (a period of stabilization, recession, and reform) this trend slowed down. Hansen stressed that before the Second World War Turkey was at the same level as China and India in 1985 in terms of caloric intake, and in 1985 it reached the level of the upper-middle-income countries (but was well below that of industrial market economies; ibid.: 281). Life expectancy increased from 51 years in 1965 to 61 years in 1980, while illiteracy rates for the population over 15 years old fell from 71.5 per cent in 1945 to 25.8 per cent in 1984.

Poverty research in Cyprus

Two studies on income distribution and expenditure patterns in Cyprus conducted in the late 1980s and early 1990s show that inequalities are rather moderate in this society: they are much lower than in other developing or less developed countries, but a little higher than in some developed countries (e.g. Germany, Norway, Japan).

The first in-depth study of income inequalities in Cyprus took place in the late 1980s (House 1988) on the basis of the household income and expenditure survey data collected by the Department of Statistics and Research (Ministry of Finance) in 1985. Poverty was only marginally examined by this study. The emphasis was on absolute deprivation and a poverty line was defined in accordance with a study conducted by the Department of Welfare Services (Ministry of Labour) on the basic needs and minimum income requirements that a household would be expected to meet under the prevailing social and economic conditions of the country. Although there is no officially declared poverty line in Cyprus, below which all households would be entitled to welfare benefits, the Department of Welfare Services' study set some minimum expenditure standards for nutrition, rent, and basic social needs as criteria of eligibility to financial support offered on a means-tested basis to some of those unable to meet the minimum expenditure requirements. On the basis of the minimum expenditure standards for a two-person household, House estimated the poverty line at C£808 per person per year (in 1987 average prices), and this led him to the conclusion that 4.4 per cent of all households fell below the absolute poverty line. House's definition of an absolute poverty line was found to be defective because it cannot take into account variations in the characteristics of the members of the household and assigns equal weight, in relationship to the head, to all other members, irrespective of whether the second person is a child or an adult; or whether the two-member household consists of two retired people or is a young, childless couple. House also examined the incidence of poverty among households of differing sizes and with different ages of the household head. Poverty struck mostly single-person households as well as households with six or more members. About 16 per cent of single-person households overall, and one-third in rural areas, had incomes below the absolute poverty line. Two-person households were found to be in a better position with only 5 per cent overall and 9 per cent in rural areas below the poverty line. On the other hand, very few households with three to five members were poor. The incidence of poverty increased dramatically with the old age of the household head: 18% of households overall, and 29 per cent in rural areas, with a head over 75 years old fell below the poverty line. Moreover, 13 per cent of the households with an inactive head were living in poverty; the corresponding percentages for urban and rural areas being 6 per cent and 24 per cent.

In the early 1990s a second study of income distribution and expenditure in Cyprus was carried out on the basis of the Household Income and Expenditure Survey Data of 1990/91 collected by the Department of Statistics and Research (Department of Statistics and Research 1993). This was a more detailed study of the incidence and degree of poverty in Cyprus, focusing mainly on relative poverty.

By using a similar definition of absolute deprivation to that suggested by House, an absolute poverty line was also constructed by the authors of this study in order to be able to compare poverty levels in 1991 with those of 1985. Yet some adjustments were made to House's equivalence scales so as to take into account the unequal weight (in correspondence to the head) of other members of the household according to their age. The relative poverty line was defined as equal to 50 per cent of the average national per capita income of all households. For a single-person household, the absolute poverty line in Cyprus, in 1991, amounted to C£1451 per year and the relative poverty line to C£1542. Because the difference between the two lines was small, the authors assumed that a poor household with respect to relative poverty was likely to be poor with respect to absolute poverty as well. In the early 1990s, 4.39 per cent of all
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House also examined the incidence of poverty among households of differing sizes and with different ages of the household head. Poverty struck mostly single-person households as well as households with six or more members. About 16 per cent of single-person households overall, and one-third in rural areas, had incomes below the absolute poverty line. Two-person households were found to be in a better position with only 5 per cent overall and 9 per cent in rural areas below the poverty line. On the other hand, very few households with three to five members were poor. The incidence of poverty increased dramatically with the old age of the household head: 18% of households overall, and 29 per cent in rural areas, had a head over 75 years old fell below the poverty line. Moreover, 13 per cent of the households with an inactive head were living in poverty; the corresponding percentages for urban and rural areas being 6 per cent and 24 per cent.

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households in Cyprus earned incomes below the relative poverty line (7.9 per cent in rural areas and 2.94 per cent in urban areas).  

Households with the highest risk of being poor were those with an elderly head, a female head, a head with a low educational level or no education at all. Moreover, a high incidence of poverty was found among households of smaller sizes. About 16.5 per cent of single-person households and 10 per cent of two-person households were in poverty in 1991, a great part of these households being headed by an elderly and retired person. Single-member households in rural areas exhibited a higher incidence of relative poverty (28.57 per cent) than those in urban areas (9.68 per cent). An important finding was that poverty among larger households (with two or more members) was almost non-existent, the incidence of poverty for these households ranging from zero to 2 per cent for all Cyprus. Even though there is not much comparability between the two studies reviewed here – the 1991 study used a relative poverty line that was much higher than the 1985 absolute poverty line – the results of the 1991 study point towards a substantial improvement in the standard of living of large households in Cyprus. For instance, in 1985 six-member households exhibited an incidence of poverty around 10 per cent, which decreased to less than 2 per cent in 1991. Households with seven or more members experienced a greater improvement (in 1985, 10 per cent of them were found to be below the absolute poverty line, whereas in 1991 none of these households fell below the relative poverty line).

Another characteristic is the feminization of poverty. Female-headed households had a higher poverty incidence (14.2 per cent) than male-headed ones (2.96 per cent). Also, 21 per cent of single-member households headed by a woman were living in poverty, compared with only 6.6 per cent of single-member households headed by a male person. Poverty was virtually non-existent among households with a head aged under 55. Households with a head aged 65–69 had a poverty incidence rate of 8.7 per cent, while more than one in every four households with a head aged over 75 were poor.

The level of education of the household head was negatively related to the risk of falling into poverty. About 30 per cent of households whose heads had no education at all were found in poverty (the rate being the same for urban and rural areas). The incidence of poverty decreased sharply for households whose head had at least some elementary education, ranging around 3 per cent; and, as the level of education increased, the risk of poverty was eliminated.

The degree of poverty is not very high in Cyprus: 82 per cent of the poor households in all Cyprus earn incomes amounting to over 70 per cent of their respective poverty line, and 28 per cent are only 1–9 per cent away from their respective poverty line. Moreover, the urban poor are in a better position than the rural poor: in the urban areas only 9.5 per cent of the poor households earn incomes below 70 per cent of their respective poverty line, while the corresponding percentage for the rural areas is 24.3 per cent (Pitiris 1993b).

In all Cyprus, three out of four poor single-person households have incomes over 80 per cent of their respective poverty line, and only 11 per cent of them are very poor. The degree of poverty is even less among the few poor households with more than two persons: all of them earn incomes between 71 per cent and 90 per cent of the value of their respective poverty line. Yet, if the degree of poverty is measured on the basis of expenditure instead of income, inequalities tend to be higher. As the Department of Statistics and Research indicated, “14% of the poor households expend less than half the amount suggested by the poverty line compared to less than 1% in the case of income” (1993: 4).

Although the incidence of poverty increases for households with an elderly head, the magnitude of poverty does not increase in parallel. Among poor households, a high degree of poverty is experienced by those with a relatively younger head, as well as by those with a head aged 55–64, the incomes of most of these households ranging below 70 per cent of the poverty line. On the other hand, only a small percentage of poor households with a head aged 70–74 (16 per cent) or over 74 (8 per cent) have incomes of 70 per cent or less of the poverty line. On the basis of these findings, the authors concluded that pension levels in Cyprus are not very low, while a small increase in these pensions would be sufficient for poor households with an elderly head to improve their standard of living and get above the poverty line. Moreover, according to Pitiris’s estimates, the total elimination of poverty in Cyprus would require that an amount of £2,866,000 per year (in 1991 average prices) be distributed to the poor. If this is difficult to achieve, a short-term policy of redistribution of about £500,000 to the poor in one year could reduce poverty by one quarter (Pitiris 1993b).

Concluding remarks

In the three countries examined here poverty research has been little developed, and available data on economic inequalities are
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Concluding remarks

In the three countries examined here poverty research has been little developed, and available data on economic inequalities are
deficient in many respects. In Turkey, even the more recent studies on poverty have as a data source a survey conducted in the early 1970s and estimates of poverty in the next decade derive from these data. In Greece, most of the studies published in the 1990s rely upon the 1981/82 household expenditure survey of ESYE. The data from population censuses and other surveys regularly conducted by ESYE usually become available a number of years after the completion of data collection.

Cyprus differs from the other two countries in terms of the availability of income and expenditure data. The Department of Statistics and Research of the Ministry of Finance has been collecting such data at approximately five-year intervals for some time. The first in-depth study of income distribution took place in the late 1980s, but with a marginal focus on poverty. In the early 1990s, for the first time, poverty issues were addressed in a detailed way. As in the other two countries, an officially defined poverty line below which a household would be entitled to some form of financial support is non-existent. Yet, in contrast to Greece and Turkey, Cyprus is in a much better position with respect to poverty problems because the incidence and magnitude of poverty are comparatively low.

In Greece and Turkey, there are no studies of income distribution and poverty based on reliable personal income data collected on the basis of a nation-wide sample and standardized processes. As a result, there is no comparability in the measurement of socioeconomic inequalities in the two countries. The large size of the black economy and the widespread practices of multiple employment by economic actors in both countries make any attempt at recording personal incomes a very difficult and sometimes even futile task. The absence of policies for defining a poverty line and securing a minimum income for the groups below this line constitute another side of the phenomenon of the unwillingness of economic actors in both societies to make explicit the processes through which income is created and distributed.

What is more important, poverty research in both countries only marginally touches upon the causes of poverty. Attempts at relating poverty issues to macroeconomic factors (the overall model of development, income policies and their impact on economic growth, etc.) lead to rather vague explanations or express value judgements rather than empirically grounded hypotheses as, for instance, when it is argued that a development model that benefits a few social groups at the expense of the other social groups cannot be considered successful (Karantinos 1985). Yet how is success measured, what are the causes of social exclusion, and under what conditions can poverty be eliminated?

Another deficiency of poverty research, which partly accounts for the low concern about the causes of poverty, is its primary focus on the income dimensions of poverty. Large-scale empirical studies based on primary data and concerning processes of social change and social mobility in Greek and Turkish societies (as well as in Cypriot society) in the post-war period are absent. Yet such studies are complementary to poverty research, because they provide substantial background information for the intertemporal examination of the causes of poverty and its income and non-income aspects.

In addition, poverty research is little related to policy considerations. This is a main reason why concern about the causes of poverty and strategies for combating it is rather limited. Up to now, poverty research at either the national or the local level, has hardly been integrated into any ongoing social planning processes in which research is linked with various phases of these processes (i.e. defining social exclusion, designing and implementing alternative strategies for combating social exclusion, evaluating the effects and cross-fertilizing experience from various social policy sectors and at various scales of implementation). A few isolated studies of poverty and of the least privileged groups at the local level in Greece have been induced by EC initiatives. These attempts have scarcely been integrated into any local social planning processes and may be discontinued as soon as EC priorities change.

Nevertheless, on the basis of the existing literature, one can identify the profile of the poor. In the 1970s and early 1980s, in Greece and Turkey, the rural/urban divide was still a crucial distinction for defining inequalities. Other factors contributing to poverty were old age and a low level of educational qualifications — with poverty increasing in the case of rural households headed by an elderly and/or illiterate person. In this respect, until the early 1980s, Greece and Turkey were still characterized by a "traditional" type of poverty, in contrast to North-western European societies in which the expansion of the welfare state in the first two decades of the postwar period considerably limited the risk of poverty for the retired and the elderly, whereas social and economic restructuring in the 1970s and 1980s led to the emergence of new high-risk groups, such as the long-term unemployed, the homeless, and single-parent families. The profile of the poor in Cyprus exhibits similarities with the profiles of the poor in Greece and Turkey (especially as regards the higher
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incidence of poverty in rural areas and in households whose head has a low level of education), but at the same time it differs considerably given the very low degree of poverty among old and retired persons and the virtual non-existence of poverty among large households, in the early 1990s.

Although most of the studies reviewed here stress the fact that modernization processes under way in Greece and Turkey will have significant effects on the incidence of poverty and the profile of the poor, they offer very little insights for understanding social and economic change in Greece and Turkey, in the past decade.

Structural transformation in Southern Europe as a result of European Union integration is expected to have significant disruptive effects on traditional patterns of employment. Changes in the sectoral and geographical distribution of employment may result in making the position of various social groups in the labour market insecure. If, at the same time, traditional forms of family solidarity and paternalistic structures decline - as a result of modernization - without being substituted by alternative forms of social protection, the risk of marginalization of a number of social groups will be high. Considering the increased fragmentation of social interests, the high degree of centralization in economic and social policy issues, and the weak institutional framework for allowing localities to react to situations of hardship in Greek society, it is probable that phenomena of dualism in the labour market and social exclusion will appear. Lavrion (in Attica) and the north-central region of Evia constitute striking examples of severe problems of economic decline and social exclusion: in Lavrion in the early 1990s, almost 70 per cent of the population were unemployed and 45 per cent were living in conditions of absolute poverty; while the recent plant closures in Evia had detrimental effects for the population of more than thirty villages in the region. Moreover, social and economic restructuring in the Balkans and Central-Eastern Europe will have significant repercussions in both Turkey and Greece. Immigration flows from the ex-communist countries of the Balkans southwards have been increasing since the early 1990s. In the case of Greece, legal and illegal migrants from Albania (and to a lesser extent from Bulgaria, ex-Yugoslavia, and Poland) and the increasing number of Greek Pontians coming to Greece from the ex-USSR have led to the emergence of a new underclass in Greek cities, as well as in rural areas.

As a result of the above changes, social exclusion and poverty will continue to be severe problems in Greece and Turkey in the years ahead, though the profile of the socially excluded groups and their geographical distribution at the regional and local level may change considerably. Consequently, the empirical investigation of problems of poverty and marginality and their confrontation through systematic and effective social policy measures should become a top priority for social researchers and social policy agencies in both countries. In the case of Cyprus, on the other hand, the progressive elimination of poverty seems to be an achievable target to which systematic research could contribute significantly.

NOTES

1. It should be stressed here that, in the occupied territories, the per capita income of the Turkish-Cypriot population (120,000 persons) amounts to about one-third of that of the Greek-Cypriot population of the Republic of Cyprus.

2. Research on the social exclusion of immigrants is in its infancy; for an analysis of immigration flows and access to labour markets by immigrants and ethnic Greeks returning from Eastern Europe and the former USSR republics, see Karantzinos et al. (1992), Kakinoti (1993), Katsoridas (1994), Linardos-Rylison (1995), and Petrinoti (1993).

3. Tsakloglou explains this disagreement as resulting from the different equivalence scales used by each study (1993a, 370–1).

4. See also Livada (1991) for the degree to which middle- and upper-income groups benefited from economic development at the expense of low-income groups in the period 1950–86.

5. On this point, see also Van den Bosch et al. (1993).

6. For the adjustments made to the original data, see Tsakloglou (1990).

7. The author also experimented with several poverty lines set at 50 per cent, 60 per cent, 70 per cent, and 75 per cent of the median consumption per equivalent adult and evaluated the changing number of the poor.


9. The author admitted that there were problems concerning the reliability of the data gathered, especially because of the significant underrating of the incomes of self-employed persons in the sample (Kanellopoulos 1993: 25).

10. The indices for the Greater Athens Area refer to 1984 and were calculated by Ketsetzopoulou (1996: 148).

11. In a similar vein, Leonidou (1993) considered the family as an important support factor for the unemployed in the two peripheral municipalities she examined, Perama in Athens and Sykies in Thessaloniki. Informal strategies of self-help and activation of extended family networks for the distribution of the unemployed to
incidence of poverty in rural areas and in households whose head has a low level of education), but at the same time it differs considerably given the very low degree of poverty among old and retired persons and the virtual non-existence of poverty among large households, in the early 1990s.

Although most of the studies reviewed here stress the fact that modernization processes under way in Greece and Turkey will have significant effects on the incidence of poverty and the profile of the poor, they offer very little insights for understanding social and economic change in Greece and Turkey, in the past decade.

Structural transformation in Southern Europe as a result of European Union integration is expected to have significant disruptive effects on traditional patterns of employment. Changes in the sectoral and geographical distribution of employment may result in making the position of various social groups in the labour market insecure. If, at the same time, traditional forms of family solidarity and paternalistic structures decline – as a result of modernization – without being substituted by alternative forms of social protection, the risk of marginalization of a number of social groups will be high. Considering the increased fragmentation of social interests, the high degree of centralization in economic and social policy issues, and the weak institutional framework for allowing localities to react to situations of hardship in Greek society, it is probable that phenomena of dualism in the labour market and social exclusion will appear.

Lavrio (in Attica) and the north-central region of Evia constitute striking examples of severe problems of economic decline and social exclusion; in Lavrio in the early 1990s, almost 70 per cent of the population were unemployed and 45 per cent were living in conditions of absolute poverty; while the recent plant closures in Evia had detrimental effects for the population of more than thirty villages in the region. Moreover, social and economic restructuring in the Balkans and Central-Eastern Europe will have significant repercussions in both Turkey and Greece. Immigration flows from the ex-communist countries of the Balkans southwards have been increasing since the early 1990s. In the case of Greece, legal and illegal migrants from Albania (and to a lesser extent from Bulgaria, ex-Yugoslavia, and Poland) and the increasing number of Greek Pontians coming to Greece from the ex-USSR have led to the emergence of a new underclass in Greek cities, as well as in rural areas.

As a result of the above changes, social exclusion and poverty will continue to be severe problems in Greece and Turkey in the years ahead, though the profile of the socially excluded groups and their geographical distribution at the regional and local level may change considerably. Consequently, the empirical investigation of problems of poverty and marginality and their confrontation through systematic and effective social policy measures should become a top priority for social researchers and social policy agencies in both countries. In the case of Cyprus, on the other hand, the progressive elimination of poverty seems to be an achievable target to which systematic research could contribute significantly.

NOTES
1. It should be stressed here that, in the occupied territories, the per capita income of the Turkish-Cypriot population (120,000 persons) amounts to about one-third of that of the Greek-Cypriot population of the Republic of Cyprus.
2. Research on the social exclusion of immigrants is in its infancy; for an analysis of immigration flows and access to labour markets by immigrants and ethnic Greeks returning from Eastern Europe and the former USSR republics, see Karantinos et al. (1992), Kasismati (1993), Katsiaridas (1994), Liaros-Ryman (1993), and Petrinioti (1993).
3. Tsakloglou explains this disagreement as resulting from the different equivalence scales used by each study (1993a, 370–1).
4. See also Livada (1991) for the degree to which middle- and upper-income groups benefited from economic development at the expense of low-income groups in the period 1950–86.
5. On this point, see also Van den Bosch et al. (1993).
6. For the adjustments made to the original data, see Tsakloglou (1990).
7. The author also experimented with several poverty lines set at 50 per cent, 60 per cent, 70 per cent, and 75 per cent of the median consumption per equivalent adult and evaluated the changing number of the poor.
9. The author admitted that there were problems concerning the reliability of the data gathered, especially because of the significant underreporting of the incomes of self-employed persons in the sample (Kanellopoulos 1993: 25).
10. The indices for the Greater Athens Area refer to 1984 and were calculated by Ketselopoulou (1990: 148).
11. In a similar vein, Leontidou (1993) considered the family as an important support factor for the unemployed in the two peripheral municipalities she examined, Perama in Athens and Sykies in Thessaloniki. Informal strategies of self-help and activation of extended family networks for the distribution of the unemployed to
new jobs created especially in house-building and renovation substituted for public support policies (i.e. unemployment relief, policies of reintegration of the unemployed in the labour market) which are rather rudimentary in Greek society.

12. It should be noted here that this review includes only the studies on poverty in Turkey that are available in English.


14. On the basis of an official definition of poverty in the Land and Agricultural Reform Act, Ulusan calculated that 70 per cent of agricultural households were below the subsistence income level (Ulusan 1980).

15. See also the study by Gitmez and Morcó (1994) on subjective evaluations of the degree of satisfaction of basic needs (nutrition, physical environment, and housing conditions) by a sample of three socioeconomic groups in Ankara. The authors also examined the degree of satisfaction of the respondents with various life domains, such as family, neighbour relations, work, social relations, professional/personal achievement, and voluntary activities.

16. However, in 1987 the Department of Social Services assisted only 8 per cent of all households (1,195 households); whereas, according to House’s estimates, 6,500 more households should be eligible for financial support.

17. See the methodological criticisms by the research group that conducted the 1991 study on income distribution and poverty in Cyprus (Department of Statistics and Research 1993: 38).

18. In this attempt the researchers relied upon the equivalence scales used by the Supplementary Benefit system of the United Kingdom (Department of Statistics and Research 1993: 38–41).

19. Among urban areas, Larnaca exhibited the highest incidence of poverty (4.49 per cent) and urban Paphos the lowest (2.61 per cent), while, among rural areas, rural Paphos had the highest incidence of poverty (15 per cent) and Famagusta the lowest (4.36 per cent) (Pitiris 1993a).

20. Though in the case of Cyprus the task is much easier owing to the very small size of the country.


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References


Chapter 16

The Nordic Countries: Poverty in a Welfare State

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Introduction

The Nordic countries

Denmark, Finland, Norway, and Sweden1 are linked together by geography, history, and language. A closer look will, of course, reveal substantial differences among the four countries but these differences are certainly small in an international perspective. The four countries started the postwar era with different experiences of the Second World War. Sweden was not directly involved in the war and had a more or less intact industry and infrastructure. Denmark and Norway had suffered from five years of German occupation and were in the same position as many other European countries when the war ended. Finland had certainly suffered most from the war, with widespread destruction and heavy losses of human life as a result.

All four countries experienced rapid economic growth after the war. Standards of living increased swiftly, unemployment was low, and the prospects for the future were optimistic. The 1950s and 1960s were the period when the so-called Nordic Welfare State model was grounded (Erikson et al. 1987; Esping-Andersen 1990; Kolberg 1993). Sweden, as the forerunner in constructing a welfare state, pursued four lines. First, continuing economic growth and full employment were the cornerstones that would provide the resources on which general welfare was to be built. Second, an income maintenance system would provide income security to the whole population. The goal was not only to provide a minimum income that would keep people above the poverty line but to guarantee everyone earnings that were