European Sociological Review VOLUME 27 | NUMBER 6 | 2011 708–727
DOI:10.1093/esr/jcq033, available online at www.esr.oxfordjournals.org
Online publication 9 July 2010

Age, Inequality, and Reactions to Marketization in Post-Communist Central and Eastern Europe

Pia Horvat and Geoffrey Evans

The transition to the market economy has brought increasing age-related inequalities and diverging access to market-based opportunities. This can be expected to result in the polarization of the economic experiences and expectations of different age groups. Examining national surveys conducted in 12 Central and Eastern European countries across a 14-year period we find stable age differences in recent reported economic experience and evidence of growing age differences in future economic expectations. Even more pronounced is the polarization in reported experience of the market economy. The degree of polarization in recent economic experience and future expectations has been more marked in the more affluent countries of Central Europe and the Baltic than in the Former Soviet Union. This polarization has occurred concurrently with a general shift towards more positive economic experiences and expectations than early in the transition. Older people are falling behind in their experience of the market economy because others are reporting increasingly positive experiences and expectations as the market transition evolves.

Introduction

Over the past two decades, Central and Eastern Europe has undergone a rapid transition to the market and democracy. These processes have had important consequences for the economic costs of reform which have been distributed unevenly across the different social groups, especially in relation to age. Academic debate on the economic and social costs of reform has been cast in terms of transitional 'winners' and 'losers'. Some social categories—the young, the educated, the new entrepreneurs—were considered better placed than others—the elderly, the working class, and the unemployed—to benefit from capitalist reward structures. While the young are considered the undisputed winners of the transition, older people have been consistently depicted among the losers. For young Eastern Europeans the creation of market economy has been associated with an expansion of economic opportunities. In contrast, these have contracted for older people, making early retirement an increasingly attractive option. To the extent that this age-based differentiation of economic conditions is reflected in the economic experience and expectations of the different age groups, young and old citizens are likely to have had very different experience of the market economy—with younger generations likely to have experienced the market economy more positively than their older counterparts. Moreover these economic experiences may have polarized in the course of transition as the consequences of reform became increasingly apparent and as people accumulated experience of the market economy and adjusted their reactions accordingly.

The redistribution of economic welfare among the different age groups of post-communist societies

is not likely to be without political consequences. Diversification of economic experience by age—especially those pertaining to future economic expectations—is likely to prove consequential for the emergence and articulation of age-based political preferences. As economic experiences and expectations of younger and older citizens diverge, the same might be expected of their interests and support for policies and ideologies consistent with those interests. Studies have documented the association between age and support for economic reform and democracy (Finifter and Mickiewicz, 1992; Duch, 1993; Gibson, 1996; Evans, 1997; Firebaugh and Sandu, 1998; Hraba *et al.*, 2001; Mishler and Rose, 2007; Hahn and Logivinenko, 2008; Saar, 2008) and vote (Kitschelt, Dimitrov and Kanev, 1995; Mateju, Rehakova and Evans, 1999; Evans and Whitefield, 2006). Economic experience is likely to play an important role in support for market reform and democracy and may directly and/or indirectly influence vote choice. A recent European Bank for Reconstruction and Development (EBRD) report (2007) has found that individuals whose standard of living has deteriorated in the course of transition tend to hold relatively more sceptical views of democracy and the market. A longitudinal study of Polish workers (Mach and Jackson, 2006) showed that change in individual employment is associated with attitudinal change about the reform, which is, in turn, associated with changes in voting.

After the fall of communism the new regimes were introduced to citizens with limited or no experience of the market economy and democracy. This led some scholars to expect little sign of structured and instrumental behaviour on the part of voters. However, political learning by voters (and parties) has been observed in the region suggesting that this process is an important factor contributing to the development of post-communist party systems (Tworzecki, 2003; Evans, 2006). At the micro-level there is evidence, for example, that over successive elections people have learned to link their economic policy preferences more closely to their economic experiences (Whitefield and Evans, 1999; Evans and Whitefield, 2006).

The question therefore is do age differences in economic experience provide a basis for different political preferences and is this exacerbating with a process of economic and political learning? Demonstrating that older and younger citizens have been experiencing the dramatic changes which have taken place in Central and Eastern Europe differently, and examining whether these economic experiences have polarized in the course of transition is a first and a necessary step towards answering this question.

While some studies have recently examined subjective economic experience in Central and Eastern Europe (Rose, 2006; EBRD, 2007), surprisingly little effort has gone into extending this to the patterning of subjective economic experience in relation to age. The research that is available indicates that younger and older Eastern Europeans have experienced the economic consequences of reform differently and indeed that the experiences of older people have been more negative than those of their young counterparts. In Central and Eastern Europe, age appears to be negatively associated with subjective evaluations of one's current economic situation (Hayo and Seifert, 2003). The effect of age on economic experience may change over time as the transition evolves. In the Czech Republic, the economic experience of older respondents had been more negative during the initial rather than subsequent phases of reform, at least judging by the fact that at an early stage of transition elderly Czechs found managing on their incomes more difficult (Hraba *et al.*, 2001). This is perhaps unsurprising given that managing on a pension would be especially difficult during the initial stages of reform when hyperinflation eroded the value of savings. However, this is but one aspect of economic experience and while it conveys important information about the individual's current economic situation, it says nothing about their future economic expectations. Future economic expectations are also likely to be important, if not more important, for the development of political preferences. These studies then provide only limited evidence on age-related economic experiences. More significantly, they do not include the recent period in post-communist transformations and they focus primarily on single countries. In contrast, the present study provides the most comprehensive and up-to-date analysis so far undertaken, by examining the patterning of economic experience in relation to age in 12 Eastern European societies, across up to 14 years until 2007. We ask specifically whether age-related economic experiences have polarized in the course of transition—particularly whether older people are falling behind in their experiences of the market economy—and do so by employing four different but complementary measures of economic experiences and expectations.

The aims of this article are two-fold. First we examine the association between age and subjective economic situation in terms of past economic experiences, future expectations and evaluations of the actual experience of the market economy. Second, we test for the presence of polarization on each of these dimensions. Throughout, we evaluate the age-based differences in economic experiences in relation to objective

economic conditions, demonstrating the material counterparts of these subjective economic perceptions. In order to satisfy these aims we use social surveys conducted during the early 1990s and replicated in 2007 in 12 Central and Eastern European countries. As the theoretical perspectives examined lay claim to the generic nature of the experience of age-based social inequality in Central and Eastern Europe, economic perceptions of different age groups are investigated in the region as a whole. This enables us to focus on the developments common to the region rather than country-specific intricacies.[1]

Theory and Previous Research

Age, Economic Experience and Emerging Markets

The transition to the market economy was expected to result in significant hardship for older people and immediate advantages for the young. With marketization returns to human capital are expected to increase at the expense of political capital. The scaling down of a large state sector is expected to give way to opportunities in the growing private sector. The emerging capitalist economy demands an evermore educated, skills-based and a mobile workforce of the kind that is better served by the resources and skills possessed by young Eastern Europeans. They are on average better educated and in a more advantageous position to obtain transferable resources and develop skills, which can be profitably utilized in a capitalist economy. In contrast, the elderly comprise a comparatively disadvantaged segment of the population in post-communist societies with few or 'inappropriate' resources. In particular their skills tailored to the needs of manufacturing and agricultural sectors would have become redundant as the socialist economies underwent large-scale economic restructuring. Thus, among older people skilled and unskilled workers in heavy industry and agriculture would have been disproportionately injured by the reform. Like older workers from the retreating state sector they would have been encouraged to take up early retirement and join the growing group of pensioners in an equally or even more vulnerable economic position (Przeworski, 1991; Kitschelt, 1992). The fixed incomes of pensioners would make managing in the face of economic reform progressively more difficult as social welfare provisions continue to be cut. The experiences of the transformation of older Eastern Europeans would have been made worse through a likely devaluation of certain resources and statuses attained under communism. In contrast, for young Eastern Europeans, the creation of a new economic order could present a unique opportunity for socio-economic achievement. It is also recognized that economic experiences are likely to be affected more directly through processes related to ageing. Youth is related to an increased capacity to respond to change and to greater economic mobility and thus younger people would find it easier to adapt to the consequences of reform (Kitschelt, 1995). Older people would have borne the costs of economic reform disproportionately and consequently react more negatively to marketization, while the more favourable position of younger Eastern Europeans would predict a more positive experience of the market place. These diverging experiences of younger and older post-communist citizens would feed into different levels of support for economic and political reform and ultimately support for different political candidates (Przeworski, 1991; Kitschelt, 1992; 1995).

Through the growing number of empirical studies, important lessons are being learned about the transitions, some of which are broadly consistent with the aforementioned theoretical expectations. At the same time these studies are also starting to challenge some of the views held early in transition. The frequent consequences of early phases of transition were recession, hyperinflation, economic destabilization, spiralling unemployment and growing poverty (World Bank, 2002). State subsidies were cut and price controls lifted. Unregulated markets started to emerge. Income inequality increased (for a review see Heyns, 2005). Older age groups *were* often negatively and disproportionately affected by these changes. Opportunities in the private sector increased but contracted in agriculture and manufacturing, largely to the detriment of older workers. Wage inequality increased usually accompanied by increasing returns to measured and unmeasured skills and declining relative wages for older workers (Brainerd, 1998; Večerník, 2001). The processes of socio-economic attainment in the region have been transformed to the advantage of younger generations, for example, through rising education premiums (Heyns, 2005). Such differentiation of economic conditions might be expected to lead to age-based differentiation in economic experiences and expectations. After the initial reform shocks, conditions generally improved, although not equally across all segments of the population.

Since the early 1990s social, economic, and political conditions in post-communist Europe have continued to change substantially. While some of the redistributional impacts of economic restructuring were already apparent early on, others emerged or were reinforced in subsequent phases of the reform. For example in the

early phases, unemployment of older workers may have been kept down by early retirement, only to accelerate much later in the reform cycle (see Hraba *et al.*, 2001, for the Czech Republic). Despite this tendency towards increasing unemployment, the actual unemployment rates of older workers (aged 55 and above) stayed relatively low in the 1990s in most of the region; early retirement continued to be the more popular policy response (Vodopivec, Wörgötter and Raju, 2005).

Age-Based Inequality, Economic Consolidation, and Diverging Paths of Transition

In the early 2000s, economic conditions generally stabilized throughout the region (EBRD, 1999; 2007). However, countries historically and culturally close to the West were better placed to weather the crises of the preceding decade. In 2006 the average economic growth in the region reached the highest level since the start of transition (EBRD, 2007). Unemployment has also fallen, especially in Central European and Baltic countries. This continuing good growth performance included the former Soviet states of Russia, Ukraine, and Moldova, where reform has often been slow and uncertain and democratic procedures still remain in question. In these countries, the achievements in growth performance have finally started to feed through into lowering poverty levels (EBRD, 2007). True, economic growth has now been universally achieved. But the transition has been both a 'success story' and a 'disappointment'; the region lags behind the West, remains at a 'medium level of development and deep economic troubles' are still experienced by a considerable proportion of the population (Kornai, 2006). Social inequality has increased throughout the region. Welfare coverage is certainly lower but generally the equalizing intervention of post-communist states in favour of the poor has often been considerable. The question is to what extent is the experience of these economic troubles conditioned by age and reflected in subjective economic experiences and expectations of younger and older citizens of post-communist Europe?

Age-based income inequality increased, with the age composition of the household predicting income levels better than gender (Heyns, 2005). Throughout the region the number of pensioners soared. The majority of older Eastern Europeans live on pensions. As a consequence of early retirement policy the region is also notable for the large number of 'abnormal' pensioners. Contrary to earlier expectations empirical studies have mostly concluded that the economic position of pensioners has been satisfactory (see Bonnell, 1996, on Russia; Večerník, 2001, on the Czech Republic; Verhoeven, Jansen and Dessens, 2009 and Heyns, 2005, for a review). Pensioners are less likely than average to be poor, partly as a consequence of relatively generous pensions indexed to inflation. Research suggests that the incomes of pensioners in Central European states and Russia have remained relatively protected in the period from 1991 to 2002, especially in the early years and may have even increased relative to the incomes of workers (Verhoeven, Jansen and Dessens, 2009). The situation of pensioners is also improved by part-time or unregistered employment and relatively inexpensive housing. The biggest strain on pensioners' budgets is expenditures on food and medication.

Examining the case of Russia, Kiewiet and Myagkov (2002) suggest that workers approaching retirement rather than pensioners were disproportionately hit by the economic reform. These workers have lost their jobs and their incomes and unlike younger workers had neither the time nor the ability to acquire the skills needed in a capitalist economy. Kiewiet and Myagkov even go on to speculate that these negative economic experiences of older workers have led to the strengthening of the association between pensioner status and vote for anti-reform candidates in the second half of the nineties as these workers entered retirement.

The burden of population ageing and prohibitive costs of pension the schemes currently in place exert tremendous pressure on national spending. Thus far-reaching pension reform, if not already underway, inevitably awaits every country in the region. Pension reform, to the extent that it has been designed and implemented, is expected to at least temporarily depress the position of pensioners and possibly increase inequalities among different groups of old people (Müller, 2002; Zajicek, Calasanti and Zajicek, 2007).

Although the number of Central and Eastern European countries which have in recent years introduced policies aimed at profoundly restructuring the pension system is significant, the process has often been slow and met with fierce political opposition—challenging the existing structure of the pension system has even been considered political suicide (Müller, 2008). The commonly expressed view is that the relative security enjoyed by pensioners has depended on the will and readiness of political elites to recognize the electoral importance of this segment of the population (Bonnell, 1996; Zajicek *et al.*, 2007).

In contrast to this top–down approach which emphasizes the role of political actors, a bottom–up explanation suggests that the age gap provides a signal for parties that older age groups have distinct interests and preferences. If parties are able to effectively respond to these cues, this strategy may pay at the ballot box.

Following both theoretical and empirical literature we would expect to find clear age differences in the 12 post-communist societies under investigation.

H1: Significant age differences in subjective economic experiences and expectations are present in the region. Older age is associated with more negative subjective economic experiences and expectations, net of socio-demographic controls.

With respect to polarization over time, however, it is uncertain as to what we should expect to find: to the extent that transition to the market economy has brought with it increasing age-related inequalities and diverging access to market-based opportunities, this can be expected to generate polarization in economic experiences and expectations. Age differences observed relatively early on would thus exacerbate in the course of transition.

H2a: There should be age-based polarization in economic experiences and expectations over time.

However, although theoretical accounts predict polarization in experiences and expectations over time, empirical findings paint a more varied picture. Increasing returns to education and skills, declining wages of older workers, and retrenchment of social welfare provisions provide a basis for diverging experiences of older and younger people. However, the findings on income (Verhoeven, Jansen, Dessens, 2009) are less clear-cut and suggest that pensioners' incomes have not been hit as hard as previously anticipated pointing to the possibility that polarization might be weak or variable depending on which aspects of economic experiences are being considered.

H2b: Age differences in economic experiences and expectations should in general not change over time.

Finally, the different paths of transition observed in the region might be expected to affect the expression of age-based inequalities in economic experiences and expectations. Polarization by age may have been more pronounced in the context of farthest-reaching economic reform. The 2004 European Union accession countries of Central Europe and the Baltic provide a useful approximation for the more successful reformers and may be contrasted to the mixed performance of Romania and Bulgaria, and the three Former Soviet Union countries, where adoption of the market economy has proceeded less straightforwardly.

H3a: The strength of age-based polarization in economic experiences is related to intraregional differences in adoption of the market economy.

However, it has also been concluded that the range of economic conditions in Eastern Europe is less than might be expected and despite some obvious differences studies have often found remarkably similar patterns across the region (Heyns, 2005). Alternatively, the intraregional differences in the paths of marketization could be of limited consequence for the expression of age differences in economic experiences and expectations.

H3b: Polarization in economic experiences and expectations is not related to intraregional differences in the paths of transition.

Data and Methods

The Surveys

This research uses mass public surveys conducted between 1993 and 1996 and replicated in 2007 in 12 Eastern European countries: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, and Ukraine.[2] The 1993–1996 surveys were conducted within the UK ESRC East-West and the EU INTAS Programmes. The 2007 surveys are from the EUREQUAL EU Framework VI project. In all waves, these surveys contain extensive indicators of objective and subjective socio-economic characteristics and political attitudes. They are national probability samples employing standardized rules for respondent selection procedures, with sampling frames designed to ensure their representativeness in each country. Extensive measures were taken to ensure reliability and cross-national comparability of questionnaires, including pilot-testing, translation and back-translation. Response rates were generally respectable, with the much of the non-response resulting from non-contacts. Further details of the surveys are presented in the Appendix.

Measures of Perceptions

The dependent variables in this study are measures of subjective economic experience, expectations, and evaluations of the experience of the market economy. The effect of economic transition on subjective economic well-being is directly assessed by a measure of living standard over the preceding 5-year period. Respondents were asked to indicate on a five-point modified Likert scale their answer to the question: 'Compared with 5 years ago, has your household's standard of living fallen a great deal, fallen a little, stayed about the same, risen a little, or risen a lot?'

Economic expectations were measured in a similar manner. Again, respondents were asked to indicate on a five-point modified Likert scale how their household standard of living will compare to the current level in the next 5 years. The responses to the standard of living questions were collected in an ordered form and were used as dependent variables in ordered probit regressions. Different ways of treating 'don't know' responses did not affect the results, so they were coded as an intermediate response together with 'stayed about the same'.

Responses were coded so that more positive evaluations of recent and expected living standards receive a higher score.

Respondents also provided assessments of their future economic prospects: 'Which of the following options is most likely to increase your standard of living? Please choose one of the options'. Respondents were presented with a list of options and what in substantive terms might be thought of as a non-option—no way of improving the standard of living. As only the probability of choosing the latter was of interest in the present study, the remaining options were collectively treated as a single category 'other'. A binary variable was constructed (coded 'other' = 0 or 'no way' = 1) and used as the dependent variable in logistic regressions.

Evaluations of the experience of the market economy were assessed by the question: 'How would you evaluate the actual experience of the market economy so far?' The responses were recorded on a five-point Likert-type scale ranging from 'very negatively', 'negatively' through 'neither negatively, nor positively' to 'positively' and finally, 'very positively'. More positive evaluations were assigned higher scores. The evaluation of the experience of the market economy was also used as a dependent variable in ordered probit regressions.

Ordered probit models assume that underlying the ordered response is a continuously distributed latent variable. This modelling strategy allows us to refrain from making a number of unwarranted assumptions necessary with simpler linear regression techniques, which could result in misestimation of age effects (Daykin and Moffatt, 2002). Importantly, we do not have to assume that the differences between the ordered responses are the same or that two respondents with the same answer also share an identical attitude. The results are also less likely to be sensitive to question wording, as the estimates are of the underlying distribution of the variable rather than the responses themselves.

Socio-demographic Characteristics

Age is measured by four categories: 18–29, 30–44, 45–59, and 60 years or above. The first category covers young adulthood, which is generally marked by education, transition to work, and early phases of family formation. Family formation, work, and career development continue into the next phase and individuals aged 30–44 years usually share a household with school-dependent children. As individuals progress into the next age category, they are established at work or on a path of career progression and their children are increasingly nearing adulthood. Finally, at age 60 years and above, work is replaced by retirement. Each age category corresponds to a stage of the lifecycle with distinct implications for economic experiences and interests. In regressions age categories are treated as dummy variables. Analysis with further disaggregated age categories showed that attitudinal differences between adjacent age categories are generally small and insignificant, while the differences across age categories remain strong and significant. As a result, the four-category classification described was retained in the final analysis.

Independent variables for resources and socio-demographic characteristics were measured in the following way: sex (coded male = 0; female = 1), whether or not pensions and benefits are the respondents' main source of income (no = 0; yes = 1), car ownership (no = 0; yes = 1), and whether or not the respondent is presently unemployed (no = 0; yes = 1) are treated as dummy variables.

Education is measured by three categories: low, middle, and higher education. Low education means no educational qualifications beyond the compulsory level. Middle education corresponds to completed secondary education and higher education corresponds to completed further or university education.

Monthly personal income from all sources before tax is measured as a categorical variable with the categories: low, medium, and high. Low income

corresponds to the lower quartile of the relevant income distribution,[3] and high income to the upper quartile. A fourth residual income category denotes cases, where respondents refused to report their income or had no income. Unfortunately, a more elaborate handling of income was precluded by data limitations, but we nevertheless believe that our measure adequately captures the most salient effects of income.

Social class is measured by a six-category version of the Erikson–Goldthorpe class schema (Erikson and Goldthorpe, 1992), based on occupational measures of class position: service class, routine non-manual workers, self-employed workers, manual supervisors and skilled manual workers, semi-skilled and unskilled manual workers, and farmers or agricultural workers. A residual category 'never had a paying job' denotes respondents whose social class was ambiguous or missing but who reported never having been in paid employment elsewhere in the survey. Women with missing social class data were classified according to their husband's class. Previous research on Eastern Europe suggests that occupational measures of class position perform adequately in the Eastern European context and successfully differentiate individuals in terms of their level of income, their degree of economic security, and chances of economic advancement (Evans, 1997; Evans and Mills, 1999).

In 2007 the proportion of respondents who were full-time students at the time of the survey was significantly larger (i.e. 10 per cent) than in baseline surveys. Students were subsequently omitted from the analyses of economic experiences and expectations to avoid biased estimates of age differences. Even so, the main findings are robust to this change in model specification.

The time variable is computed as a dummy variable for the baseline survey year and 2007 (coded 1993/96 = 0; 2007 = 1). The baseline survey year is 1994 for Hungary, Slovakia, and the Czech Republic; 1996 for Latvia and Moldova; and 1993 for the remaining seven countries.

Finally, regional differences in the paths of transition are approximated by dummy variables for Central Europe and the Baltic, Bulgaria and Romania, and the Former Soviet Union countries Russia, Ukraine, and Moldova.

Analysis

Age-based Inequality in Conditions

First, we examine descriptive patterns of age-related inequality in objective conditions and resources early in transition and in 2007. Tables 1 and 2 suggest that being young has advantages in terms of intangible

Table 1 Age and socio-demographic outcomes (weighted pooled analysis in percentages)

	1993–1996				2007			
	18–29	30–44	45–59	60 and above	18–29	30–44	45–59	60 and above
Education								
Low	13	14	29	56	11	9	13	40
Middle	75	66	51	31	66	69	67	45
Higher	13	21	20	13	23	22	19	15
Income								
Low	18	16	20	42	19	14	21	32
Medium	53	54	52	49	44	47	50	59
High	29	31	28	9	37	39	29	9
Social class								
Service	21	30	32	23	30	32	29	27
Routine non-manual	16	14	11	10	18	17	14	12
Self-employed	6	5	3	2	4	5	5	2
Skilled manual	21	20	20	17	14	17	18	16
Unskilled manual	19	20	20	21	18	20	24	24
Farmers	9	10	13	23	3	5	8	15
Never had a job	9	1	1	4	14	4	2	4
Female	51	52	53	55	54	56	57	59
N	3,800	6,897	5,542	5,019	2,107	3,667	3,945	4,045

Table 2 Age-based inequality in resources (weighted pooled analysis in percentages)

	1993–1996				2007			
	18–29	30–44	45–59	60 and above	18–29	30–44	45–59	60 and above
Pensions and benefits	2	3	22	86	5	6	21	88
Unemployed	12	10	6	0.4	8	7	8	0.7
Car-ownership	43	47	43	24	58	61	53	28
N	3,800	6,897	5,542	5,019	2,107	3,667	3,945	4,045

marketable assets and tangible material resources. On average, respondents aged 18–29 years and especially those aged 30–44 years more often have middle or higher education than older Eastern Europeans who are very likely to have only low education. There is a slight tendency towards narrowing age inequality in educational attainment in 2007. Income is more interesting. As expected there are clear age differences in income but the change over time is more complicated. Those aged 30–44 years have benefited the most and have the highest incomes on average. In 2007 more young people reported high incomes, although an equal proportion reported low incomes. Notably, the income position of older respondents improved; among those aged 60 years and above, fewer are at the bottom of the income distribution.

This is consistent with the empirical findings which suggest that pensioners' incomes have remained relatively protected and may even have increased in the early years of the transformation (Verhoeven, Jansen and Dessens, 2009). Pensioners are less likely than average to be poor, although in absolute terms their incomes are generally modest. In the course of transition pensioners often tended to move away from the bottom of the income distribution to be partially replaced by children (see Heyns, 2005; Večerník, 2001, for evidence on the Czech Republic). The income findings suggest that elderly pensioners have not suffered as much as predicted by earlier theoretical accounts. In some respects at least the patterns of age-related inequality have since the early years of transition evolved in unexpected ways.

On the whole, there is a tendency for the oldest respondents to be overrepresented among the more disadvantaged class positions pertaining to manual and agricultural occupations. This tendency is slightly more pronounced in the recent period. The proportion of farmers and agricultural workers among the youngest respondents was small early in transition and negligible in 2007. In contrast, agricultural occupations remain important among the oldest respondents. Older respondents are not underrepresented among the service class. In both years the proportion of the self-employed in the sample was very small. Expectedly, with older age, the gender balance becomes increasingly skewed towards female.

The results in Table 2 confirm that for the majority of respondents aged 60 years and above and a notable proportion of those aged 45–59 years, pensions and benefits are the main source of income. This has changed little over time. Unemployment among the young is lower in 2007. Car ownership, a clear marker of material advantage, has increased since 1993–1996 among all but the oldest respondents.

Age-based Patterns in Economic Experiences and Expectations

Having assessed the degree of and over time change in age-related inequality in observable economic circumstances, we now consider whether this is reflected in the economic experiences and expectations of the different age groups. Age differences in subjective economic experience and expectations are of considerable magnitude and their extent is illustrated by the descriptive findings in Table 3. These results already provide preliminary evidence for Hypothesis 1. Strikingly, we find that in 2007, reported economic experiences and expectations of Eastern Europeans of all ages were markedly more positive than in the early years of the transition, while at the same time the relative differences in the experience and expectations of young and elderly Eastern Europeans have tended to increase.

In 1993–1996 most Eastern Europeans agreed that their economic situation was unfavourable. By 2007 Eastern Europeans agreed *on average* that their situation has improved but the key finding is that the young have come to view their future economic prospects and the experience of the market place much more positively than early in the transition, while this was not apparent among older respondents. Early in transition a majority of respondents across all

Table 3 Age-based inequality in economic experience (weighted pooled analysis in percentages)

	1993–1996				2007			
	18–29	30–44	45–59	60 and above	18–29	30–44	45–59	60 and above
Household standard of living over past 5 years								
Fallen	57	66	75	80	19	24	34	40
Risen	19	15	9	5	49	42	31	19
Household standard of living over next 5 years								
Will fall	19	26	34	34	7	12	19	25
Will rise	37	30	23	17	53	43	31	19
No way of improving household standard of living in the future	10	15	35	74	6	10	31	79
How would you evaluate the actual experience of the market economy so far?								
Positively	24	20	17	17	42	35	29	24
Negatively	45	53	56	52	31	36	42	43
N	3,800	6,897	5,542	5,019	2,107	3,667	3,945	4,045

age groups reported a fall in their household standard of living following the collapse of communism. The likelihood of reporting deterioration in the standard of living over the past 5 years increased with age. The oldest respondents have suffered the most; an overwhelming 79 per cent of those aged 60 years and above saw their standard of living deteriorate. Although, the economic situation of young respondents was not particularly enviable—over a half reported a fall in past standard of living—their reported economic experiences were markedly more positive than those of older people. In contrast, in 2007 just 19 per cent of the young reported a fall in their household's standard of living. While the proportion of older respondents reporting deterioration in their standard of living was also lower in 2007, this improvement was not sufficient to reduce the age gap. These results are suggestive but must be treated with caution. Particularly the youngest respondents from among the group aged 18–29 may be appraising the economic position of their parents' household or comparing it to their own. We cannot reliably say whether this significantly affects age differences. Fortunately, our other measures of experience and expectations are less likely to suffer from this limitation.

In 2007 the reported expectations of the young for their future standard of living also became more positive but there was no matching improvement in the reported economic expectations of older Eastern Europeans. In effect, the relative age differences between the young and the old increased. It is interesting that this polarization in future economic expectations results from older people falling behind in the generally more positive views rather than becoming more negative. The trend towards more positive expectations is simply much stronger among the young.

Relative to the young elderly Eastern Europeans already fared poorly over the preceding period and entertained very modest expectations for the future, but the extent of their disillusionment only becomes apparent when looking at the striking age gap in seeing no means of improvement. In 1993–1996, few of the very young, a modest proportion of respondents aged 30–44 years and a minority of respondents aged 45–59 years, saw no way of improving their families' living standard in the future, while nearly 73 per cent of the elderly did so. These age differences have tended to grow by 2007.

The polarization of economic experience is particularly noteworthy in the reported experiences of the market economy. The tendency of older people to evaluate the experience of the market economy more negatively was already apparent early in transition, but the age differences were fairly modest. While the general trend was towards more positive experience of the market economy, this trend was far more pronounced among the young. As a result in 2007 the age gap increased substantially.

From Table 3 we can conclude that the young are more optimistic about their future economic prospects, experience of the market economy, and less likely to report a fall in household standard of living over the past 5 years. The experiences of older people are more negative, particularly with respect to future economic expectations. Polarization is evident on all but one of these measures of economic experience, namely the household standard of living over the past 5 years—where age differences remained stable. The tendency

towards more positive views in 2007, while very pronounced among the young, is not apparent among older respondents.

The significance of our conclusions, however, cannot be confidently ascertained without first assessing the relative impact of age on subjective economic experience against the effects of other relevant determinants. In the next section, we present the results of ordered probit and logistic regressions of age on economic perceptions, controlling for socio-demographic characteristics and resources.

Regression Results

Table 4 shows regression results of age on household standard of living over the past 5 years (ordered probit with fixed-effects for country). It is evident from Model 1 that older age is related to lower reported

Table 4 Results from pooled ordered probit regressions of household standard of living over the preceding 5-year period

	Model 1	Model 2	Model 3
Age (ref. 18–29)			
30–44	−0.21 (0.02)***	−0.26 (0.02)***	−0.29 (0.02)***
44–59	−0.50 (0.02)***	−0.52 (0.02)***	−0.53 (0.02)***
>60	−0.69 (0.03)***	−0.52 (0.03)***	−0.40 (0.03)***
Year 2007	0.97 (0.03)***	0.97 (0.03)***	0.95 (0.03)***
Age × year interactions (ref. 18–29 × year'07)			
30–44 × year'07	0.01 (0.03)	0.03 (0.04)	0.05 (0.04)
44–59 × year'07	0.03 (0.03)	0.09 (0.04)*	0.12 (0.04)**
>60 × year'07	0.04 (0.03)	0.05 (0.04)	0.10 (0.04)**
Socio-demographic measures			
Gender (ref. male)			
Female		−0.04 (0.01)**	−0.02 (0.01)
Education (ref. low)			
Middle		0.02 (0.02)	−0.03 (0.02)
Higher		0.15 (0.02)***	0.07 (0.02)**
Social class (ref. service)			
Routine non-manual		−0.02 (0.02)	−0.01 (0.02)
Self-employed		0.13 (0.03)***	0.09 (0.03)**
Skilled manual		−0.10 (0.02)***	−0.10 (0.02)***
Unskilled manual		−0.18 (0.02)***	−0.15 (0.02)***
Farmers		−0.12 (0.02)***	−0.10 (0.02)***
Never had a job		−0.09 (0.03)**	0.00 (0.04)
Income (ref. low)			
Medium		0.22 (0.02)***	0.15 (0.02)***
High		0.78 (0.03)***	0.64 (0.03)***
Refused		0.37 (0.02)***	0.30 (0.03)***
Resources			
Pensions and benefits			−0.22 (0.02)***
Unemployed			−0.39 (0.03)***
Car			0.29 (0.01)***
Country-fixed effects	Yes	Yes	Yes
κ_1	−0.30	−0.03	−0.09
κ_2	0.39	0.71	−0.66
κ_3	1.23	1.58	1.55
κ_4	2.42	2.85	2.84
Number of observations	34,977	33,109	32,412
Pseudo-R^2	0.094	0.122	0.132
Log-likelihood	−46,023.7	−42,132.06	−40,773.06

Note: Standard errors are in parentheses.
*$P < 0.05$; **$P < 0.01$; ***$P < 0.001$.*

household standard of living over the past 5 years but these age differences remained stable over the period examined. The insignificant interactions between age and time suggest that there is no polarization.

The introduction of socio-demographic controls to Model 2 attenuates the age differences between older respondents and those aged 18–29 years (the reference group) but the differences remain significant. As expected the different groups of manual workers and farmers and agricultural workers were less likely to report a rise in the standard of living over the past 5 years than the service class. Routine non-manual workers were not significantly different from the service class, while the self-employed were more likely to have reported that their standard of living has risen over the past 5 years. Medium and high income is related to more positive reports and the size of coefficients suggests a comparably strong effect of high income on evaluations of recent household living standard.

Even after the addition of resource measures to Model 3, the age differences remain significant and, with the exception of income, of comparable or greater magnitude than the effects of socio-demographic characteristics and resources. This is consistent with Hypothesis 1. Current unemployment and living on pensions and benefits are associated with more negative evaluations, whereas car ownership increases the probability of a reported rise in past living standard. There is a strong shift towards more positive reported experiences in 2007 and this changes little after the introduction of controls. Each model is a significant improvement over the baseline and the proportion of the variance explained is appreciable.

As seen in Model 1 of Table 5, the main effects of age on the evaluations of future household living standard are of similar magnitude as the age differences in past living standard.

But unlike in the case of past living standard, the age differences between the young and those aged 60 and above are greater in 2007. The significant interaction between age and time suggests that polarization has occurred as relative to the young the elderly are now becoming less likely to have positive expectations for their future standard of living than early in transition.

The more polarized views, with which the elderly and the young have come to describe their prospective economic situation, cannot be explained away by changes in socio-demographic characteristics and resources. The introduction of socio-demographic controls to Model 2 and resources to Model 3 has no significant effect on the magnitude of the interaction term.

The main effects of age are stronger than those of socio-demographic characteristics and resources as read from Models 2 and 3. Again, economic expectations of the different groups of manual workers are more negative than expectations of the service class. The same pattern is observed for farmers and agricultural workers, while the self-employed had more positive expectations. Higher education is related to more positive expectations as is high income.

Unemployment is related to more negative expectations for future living standards, whereas after controlling for income, pensions and benefits only weakly affect future expectations. Car ownership relates to more positive expectations but not as strongly as in the case of reported past standard of living. The proportion of explained variance is lower than in our models for past standard of living and, while each model is an improvement over the preceding one, the increment is not as dramatic.

The lower proportion of explained variance probably reflects the role of non-economic factors and greater uncertainty of future expectations. Retrospective evaluations of living standards probably introduce less noise and are tied more closely to objective economic conditions.

Table 6 shows striking age differences—particularly between respondents aged 18–29 and 60 and above—in not seeing a way of improving the household standard of living in the future. Furthermore, these age differences have polarized by 2007 as relative to the young older age groups have become increasingly less likely to see a way of improving the current situation. This trend has been the most pronounced among the elderly.

Adding socio-demographic characteristics to Model 2 only slightly attenuates the effects of age. In contrast, adding resources to Model 3 considerably reduces the age gap between the young and those aged 60 and above but has very little impact on the interaction terms. The large reduction in the age gap between the elderly and the young is caused by the inclusion of pensions and benefits to the model. This is hardly surprising considering that most elderly people rely on pensions and benefits as the main source of income, which already constrains the range of available options.

Higher income and more education decrease the likelihood of not seeing a way of improving one's position in the future as does a more advantaged social class position. Women are less likely to see a way of improvement. Both car owners and the unemployed are less likely to see little in the way of improvement. Car ownership reflects a more advantageous economic

Table 5 Results from pooled ordered probit regressions of household standard of living over the next 5 years

	Model 1	Model 2	Model 3
Age (ref. 18–29)			
30–44	−0.26 (0.02)***	−0.25 (0.02)***	−0.26 (0.02)***
44–59	−0.51 (0.02)***	−0.47 (0.02)***	−0.48 (0.02)***
>60	−0.62 (0.02)***	−0.47 (0.02)***	−0.45 (0.03)***
Year 2007	0.43 (0.03)***	0.45 (0.03)***	0.43 (0.03)***
Age × year interactions (ref. 18–29 × year'07)			
30–44 × year'07	0.00 (0.03)	−0.02 (0.04)	−0.02 (0.04)
44–59 × year'07	−0.05 (0.03)	−0.07 (0.04)	−0.06 (0.04)
>60 × year'07	−0.20 (0.03)***	−0.24 (0.04)***	−0.22 (0.04)***
Socio-demographic measures			
Gender (ref. male)			
Female		−0.08 (0.01)***	−0.08 (0.01)***
Education (ref. low)			
Middle		0.04 (0.02)*	0.01 (0.02)
Higher		0.13 (0.02)***	0.09 (0.02)***
Social class (ref. service)			
Routine non-manual		−0.03 (0.02)	−0.02 (0.02)
Self-employed		0.13 (0.03)***	0.12 (0.03)***
Skilled manual		−0.09 (0.02)***	−0.08 (0.02)***
Unskilled manual		−0.10 (0.02)***	−0.09 (0.02)***
Farmers		−0.10 (0.02)***	−0.09 (0.02)***
Never had a job		−0.10 (0.03)**	−0.08 (0.03)*
Income (ref. low)			
Medium		0.10 (0.02)***	0.07 (0.02)***
High		0.34 (0.03)***	0.28 (0.03)***
Refused		0.09 (0.02)***	0.06 (0.03)*
Resources			
Pensions and benefits			−0.05 (0.02)*
Unemployed			−0.10 (0.03)***
Car			0.16 (0.01)***
Country-fixed effects	Yes	Yes	Yes
κ_1	−1.40	−1.31	−1.32
κ_2	−0.88	−0.78	−0.83
κ_3	0.46	0.57	0.53
κ_4	1.84	1.98	1.95
Number of observations	34,985	33,116	32,417
Pseudo-R^2	0.038	0.047	0.049
Log-likelihood	−44,444.41	−41,659.78	−40,673.50

Note: Standard errors are in parentheses.
*$P<0.05$; **$P<0.01$; ***$P<0.001$.*

situation than not owning a car, and car owners are probably more confident that there are ways to improve the economic position of their households. On the contrary, we might expect the unemployed to be more discouraged but perhaps the obvious way for an unemployed person to improve their standard of living is by finding employment. The proportion of the variance explained is again appreciable with Models 2 and 3 significantly improving the model fit.

Finally, Table 7 presents the results of age regressed on the experience of the market economy. Older age is related to more negative evaluations of the market economy as seen in Model 1. Interestingly, the most negative perceptions are found among those aged 45–59 years. Perhaps this is consistent with the findings that unlike the oldest group, who have at least enjoyed some protection in the form of early retirement, on the whole the experience of the market economy for those aged 45–59 years has been the least

Table 6 Results from logistic regressions of seeing no option of increasing household standard of living in the future

	Model 1 Odds ratio	Model 2 Odds ratio	Model 3 Odds ratio
Age (ref. 18–29)			
30–44	1.62***	1.80***	1.81***
44–59	4.71***	4.87***	3.77***
>60	24.37***	19.41***	7.65***
Year 2007	0.51***	0.55***	0.53***
Age year interactions (ref. 18–29 × year'07)			
30–44 × year '07	1.19	1.21	1.17
44–59 × year '07	1.57***	1.66***	1.73***
>60 × year '07	2.53***	2.73***	2.72***
Socio-demographic characteristics			
Gender (ref. male)			
Female		1.47***	1.36***
Education (ref. low)			
Middle		0.65***	0.73***
Higher		0.48***	0.57***
Social class (ref. service)			
Routine non-manual		1.00	1.02
Self-employed		0.60***	0.66***
Skilled manual		1.15**	1.14*
Unskilled manual		1.19***	1.21***
Farmers		1.14*	1.12*
Never had a job		1.64***	1.53***
Income (ref. low)			
Medium		0.73***	0.86***
High		0.36***	0.52***
Refused		0.47***	0.66***
Resources			
Pensions and benefits			3.37***
Unemployed			0.77***
Car			0.67***
Country-fixed effects	Yes	Yes	Yes
Number of observations	34,610	32,808	32,134
Pseudo-R^2	0.255	0.291	0.320

Notes: Parameter estimates are odds ratios.
*$P < 0.05$; **$P < 0.01$; ***$P < 0.001$.*

guarded. Smaller coefficients suggest somewhat weaker age effects than observed in the case of recent and expected living standards. The relatively weaker age effects probably reflect the more modest age differences in the experience of the market economy early in transition in comparison to the stronger age differences in recent and expected standards of living. However, by 2007 these age differences have grown. The significant interactions between age and time suggest that relative to the young in 2007 the elderly have fallen behind in their experience of the market place. The degree of polarization is also notable when the magnitude of the main effects of age is taken into consideration. Polarization occurred concurrently with a general shift towards more positive experience of the market in 2007 as evidenced by the direction and magnitude of the survey year coefficient.

The addition of socio-demographic characteristics to Model 2 has little effect on the magnitude of the age coefficients. High income is related to more positive experience of the market as is a relatively more advantageous class position. Interestingly, neither education nor gender has a significant effect. Car ownership translates into more positive experience of the market. For the unemployed the experience of the market economy has been more negative, while reliance on pensions and benefits for income has no significant effect. Interestingly, our models explain a

Table 7 Results from pooled ordered probit regressions of evaluation of the experience of the market economy

	Model 1	Model 2	Model 3
Age (ref. 18–29)			
30–44	−0.14 (0.02)***	−0.14 (0.02)***	−0.15 (0.02)***
44–59	−0.25 (0.02)***	−0.24 (0.02)***	−0.24 (0.02)***
>60	−0.23 (0.02)***	−0.18 (0.02)***	−0.19 (0.03)***
Year 2007	0.40 (0.03)***	0.38 (0.03)***	0.37 (0.03)***
Age × year interactions (Ref. 18–29 × year'07)			
30–44 × year'07	0.01 (0.03)	0.01 (0.04)	0.02 (0.04)
44–59 × year'07	−0.05 (0.03)	−0.05 (0.04)	−0.04 (0.04)
>60 × year'07	−0.17 (0.03)***	−0.16 (0.04)***	−0.15 (0.04)***
Socio-demographic measures			
Gender (ref. male)			
Female		−0.01 (0.01)	−0.01 (0.01)
Education (ref. low)			
Middle		−0.02 (0.02)	−0.03 (0.02)
Higher		0.01 (0.02)	−0.00 (0.02)
Social class (ref. service)			
Routine non-manual		0.01 (0.02)	0.01 (0.02)
Self-employed		0.13 (0.03)***	0.13 (0.03)***
Skilled manual		−0.08 (0.02)***	−0.07 (0.02)***
Unskilled manual		−0.04 (0.02)*	−0.04 (0.02)
Farmers		−0.06 (0.02)*	−0.06 (0.02)*
Never had a job		0.02 (0.03)	0.04 (0.03)
Income (ref. low)			
Medium		0.04 (0.02)**	0.03 (0.02)
High		0.14 (0.03)***	0.11 (0.02)***
Refused		0.14 (0.02)***	0.13 (0.03)***
Resources			
Pensions and benefits			0.00 (0.02)
Unemployed			−0.07 (0.03)**
Car			0.08 (0.01)***
Country-fixed effects	Yes	Yes	Yes
κ_1	−1.27	−1.23	−1.24
κ_2	−0.08	−0.04	−0.05
κ_3	0.73	0.78	0.78
κ_4	2.29	2.36	1.37
Number of observations	34,950	33,078	32,377
Pseudo-R^2	0.035	0.037	0.038
Log-likelihood	−46,259.78	−43,625.72	−42,633.11

Notes: Standard errors are in parentheses.
**P < 0.05; **P < 0.01; ***P < 0.001.*

rather low proportion of the variance and the addition of socio-demographic characteristics and resources only marginally improves the model fit.

Since the early stages in transition polarization has occurred in future economic expectations and experience of the market place though not in past standard of living. These results are mostly consistent with Hypothesis 2a and Hypothesis 1 is also confirmed. Older people have not matched the more positive experiences and expectations of the young. At the same time the experiences and expectations of Eastern Europeans have become more positive; the *year 2007* coefficients are consistently positive and substantial for all four measures of experiences even after the introduction of various controls.

Regional Differences

The effects of regional differences in the paths of transition on the expression of age-based patterns in economic experiences and expectations were

Table 8 Results of pooled ordered probit regressions for regional differences in expression of economic experiences by age

	Standard of living	
	Past 5 years	Next 5 years
Age (ref. 18–29)		
30–44	−0.26 (0.02)***	−0.25 (0.02)***
44–59	−0.44 (0.02)***	−0.50 (0.02)***
>60	−0.36 (0.03)***	−0.52 (0.03)***
Year 2007	0.98 (0.02)***	0.41 (0.02)***
Region (ref. FSU)		
CE/Baltic	0.26 (0.01)***	0.21 (0.01)***
BUL/ROM	0.20 (0.02)***	0.18 (0.02)***
Interactions		
Age × year		
30–44 × year'07	−0.05 (0.05)***	−0.00 (0.05)***
44–59 × year'07	0.11 (0.05)***	−0.05 (0.05)***
>60 × year'07	0.13 (0.05)***	−0.21 (0.05)***
Age × region		
30–44 × CE/Baltic	−0.08 (0.04)***	−0.07 (0.04)
44–59 × CE/Baltic	0.05 (0.07)	0.03 (0.07)
>60 × CE/Baltic	−0.15 (0.04)**	−0.11 (0.04)**
30–44 × BUL/ROM	−0.00 (0.07)	−0.02 (0.07)
44–59 × BUL/ROM	−0.05 (0.04)	−0.09 (0.04)*
>60 × BUL/ROM	0.11 (0.07)	0.09 (0.07)
Region × year		
CE/Baltic × year'07	−0.40 (0.03)***	−0.54 (0.03)***
BUL/ROM × year'07	−0.66 (0.04)***	−0.24 (0.04)***
Age × region × year		
30–44 × CE/Baltic × year'07	0.01 (0.08)	−0.00 (0.08)
44–59 × CE/Baltic × year'07	−0.06 (0.13)	0.01 (0.13)
>60 × CE/Baltic × year'07	−0.04 (0.08)	−0.08 (0.08)
30–44 × BUL/ROM × year'07	−0.13 (0.13)	−0.03 (0.13)
44–59 × BUL/ROM × year'07	−0.33 (0.08)***	−0.22 (0.08)*
>60 × BUL/ROM × year'07	−0.47 (0.13)***	−0.25 (0.13)
Number of observations	32,674	32,679
Pseudo-R^2	0.126	0.045
Log-likelihood	−41,520.4	−40,941.0

Notes: Standard errors are in parentheses. Socio-demographic controls are included but not shown. FSU: Former Soviet Union; CE/Baltic: Central Europe and the Baltic; BUL/ROM: Bulgaria and Romania. Threshold parameters are not shown. Interactions: reference groups are 18–29 × year'07, 18–29 × FSU, FSU × year'07 and 18–29 × FSU × year'07.

$^*P<0.05$; $^{**}P<0.01$; $^{***}P<0.001$.

investigated using fixed-effects regression models with three-way interactions for the age group, period and region (see Table 8). For constraints of space only significant findings are presented and discussed.

Notably, in the models for recent and expected standards of living there is a significant negative coefficient for the interaction between age group 60 years and above, Central European and Baltic regions, and year 2007, suggesting that elderly respondents have fallen behind more in their experiences in that part of the region. Further inspection of results for past living standard reveals that by 2007 age differences were stronger in Central Europe and the Baltic and also Bulgaria and Romania, mostly because the young in this part of the region have overtaken their FSU counterparts in positive reports resulting in a bigger gap with their elderly compatriots.

The interaction term for expected living standard is more weakly significant ($P=0.01$) but it nevertheless suggests a similar and interesting pattern. Relative to the young, expectations of the elderly in Central Europe and the Baltic have come to be more negative than expectations of their FSU counterparts. Perhaps the lower relative satisfaction of the elderly with their standard of

living observed in Central European and Baltic regions in 2007 partly reflects the felt and expected consequences of pension reform, which has been pursued more aggressively in this part of the region.

Conclusions

In post-communist Europe the transition to the market economy exacerbated social inequalities, in part by distributing unevenly the benefits and costs of economic reform across a broad array of social groups. Is this process visible in the case of age? Age-based differences in economic experience and expectations were already considerable in the early stages of transition. These relative age differences in economic experience and expectations have polarized during the course of transition. Age appears to remain central to economic experience and expectations in post-communist societies, even after many other structural differences between age groups are taken into account. To this extent the young may be considered the winners of transition and older people the losers.

The exact form these changes have taken is interesting: in 2007 the economic experience and expectations of Eastern Europeans were *on the whole* more positive than early in transition. By 2007 the young have become relatively more optimistic about their future standard of living, more likely to see a way forward and especially likely to have had a positive experience of the market economy. While this tendency was evident among older people, it was not very strong. Only for reported household standard of living over the past 5 years did the elderly keep up with the young in their reports of more positive experience—here age differences remain stable. The finding that during the transition the income position of pensioners remained protected and may even have improved in the early years of transition relative to the position of workers (Verhoeven, Jansen and Dessens, 2009) may go some way in explaining why no polarization has been observed in the case of past standard of living as the elderly also came to be much more positive in their reports. The trade-off for this relative security is perhaps that older people see increasingly little opportunity of being able to improve their economic situation in the future. In contrast, for the young these future expectations are the source of relative optimism. In fact, the only case where positive evaluations do exceed 50 per cent is the expected standard of living of those aged 18–29 years. Equally noteworthy is the polarization in the experience of the market economy, also principally due to the youngest respondents becoming much more positive in their reports. In general, the young appear to be relatively more responsive in adjusting their views to the changing circumstances than older people.

There is some indication that relative age differences with regard to living standards were in 2007 more pronounced in the more successful reformers of Central Europe and the Baltic than in the Former Soviet Union, as we would expect if age-related inequalities have in recent years increased faster in that part of the region. This probably reflects lowering transfers to the elderly, e.g. through pension reform, as well as better opportunities for the young.

It is clear that the turbulent early reform years were difficult times for Eastern Europeans. This is reflected in the general absence of positive views. In 2007 the situation is much improved. In absolute terms these improvements are also evident among older Eastern Europeans but the numbers are still of concern and if older people are, in fact, falling behind in their experience and endorsement of the market economy, it is important that political parties and policy makers are alert to their distinct situation. The position of the elderly in post-communist societies depends on the continued effective representation of their interests in the polity. Without it not only will the elderly have lost out economically with marketization but will also fail to reap the opportunities for the expression of political voice provided by the democratic process. In the worst case scenario the economic marginalization of older people may cause them to become politically alienated or susceptible to anti-democratic appeals with implications for the quality and stability of democracy. Even if the expression of age-based conflicts of interests in the political realm remains relatively contained within the democratically available options it points to the significance of age-related economic experiences as a basis for different political choices and the focus of party competition.

Part of the reason for the relatively positive economic experiences and optimistic expectations of Eastern Europeans in the recent period is certainly the good economic situation in the few years leading up to and including 2007. It is likely that the current global economic crisis, in which Central and Eastern European countries were particularly badly affected, will depress these positive views. The economic crisis exposed the vulnerabilities of these young market economies and highlighted the importance of sustainable public finance. With this in mind restructuring of the pension systems, already underway in a significant number of cases, may now be pursued even more rigorously across the region paving the way for further

polarization of economic evaluations by age in the years to come.

While this study is to our knowledge the first to provide a thorough characterization of what a different experience the market economy has been for young and old Eastern Europeans, understandably there are additional unanswered questions. Most importantly we are not able to disentangle age, period, and cohort effects, although the outcomes examined may be affected to some extent by all three processes.[4] The different cohorts might perceive the economic change and its consequences brought about during transition differently. Economic experiences of older Eastern Europeans might also be affected by cohort-specific experience of communism. The young may be the main beneficiary of the new economic system but they also grew up in economies markedly different from those of their parental generations. The youngest cohorts in 2007 have no memory of the communist era (or even the turbulent early years of transition) and no way of comparing the present experience with the experience of the command economy. We hope that further work will focus on these issues, particularly as it becomes feasible to compare the youngest post-communist cohorts.

The present study is not meant to imply that within age groups there have not been diverse experiences during the economic transition. Nor that there is perfect correspondence between subjective experience and expectations and objective material conditions. And while appreciating the potential effect such age-based polarization in subjective economic experiences and expectations may have on political preferences and conflicts of interest, we cannot on the basis of this study conclude that any economic or political action will *necessarily* ensue. Further work could also relate the changes over time in economic experiences of the different age groups to changes in party and presidential choices. We can, however, point to the constraints and opportunities which have shaped and continue to shape the lives of the different age groups, map the potential for their political expression, and alert parties and policy-makers to the importance of considering the subjective aspects of age-related social inequalities.

Notes

1. Consideration was given to using multi-level models (i.e. Snijders and Boskers, 1999) to estimate country-level variance, but given the very limited N (12) at that level the estimates were considered insufficiently robust and the more commonly used fixed effects model was preferred.
2. Baseline surveys were conducted in 1994 in the Czech Republic, Hungary, and Slovakia, in 1996 in Lithuania and Moldova, and in 1993 in the remaining countries.
3. The income distribution for a given country in a given year.
4. The classic identification problem, in which age effects = period effects − cohort effects (Glenn, 1977) make any systematic attempt at cohort analysis with repeated cross-sectional surveys of this form futile (Glenn, 1976). The presence of significant interaction between age and year (period) precludes the inclusion of cohorts in our models. The most defensible solution is probably the use of multiple panel surveys in conjunction with cross-sectional surveys (see Tilley, 2002) but appropriate data are currently not available.

References

Bonnell, V. E. (1996). Winners and losers in Russia's economic transition. In Bonnell, V. E. (Ed.), *Identities in Transition: Russia and Eastern Europe after Communism*. Berkeley: IAS Press, pp. 13–28.

Brainerd, E. (1998). Winners and losers in Russia's economic transition. *The American Economic Review*, **88**, 1094–1116.

Cordis-EU-FP6-2004-CITIZENS-5, Citizens and Governance in a Knowledge-based Society (2007). *Social Inequality and Why It Matters for the Economic and Democratic Development of Europe and Its Citizens: Post-Communist Central and Eastern Europe in Comparative Perspective.* (All countries in 2007).

Department for International Development. *'The Know-How Fund' Social Class, Economic Welfare and Democratic Consolidation in Post-Soviet Russia* (Russia, 1998).

Duch, R. (1993). Tolerating economic reform: popular support for transition to a free market in the former Soviet Union. *The American Political Science Review*, **87**, 590–608.

Daykin, A. R. and Moffatt, P. G. (2002). Analyzing ordered responses: A review of ordered probit model. *Understanding Statistics*, **1**, 157–166.

Erikson, R. and Goldthorpe, J. H. (1992). *The Constant Flux: A Study of Class Mobility in Industrial Societies*. Oxford: Clarendon Press.

Economic and Social Research Council East-West Programme. *Emerging forms of political representation and participation in Eastern Europe*. (Bulgaria, 1993; Estonia, 1993; Lithuania, 1993; Poland, 1993; Romania, 1993; Russia, 1993; Ukraine, 1993; Czech Republic, 1994; Hungary, 1994 and Slovakia, 1994).

Economic and Social Research Council. *The Development of Social Class in Post-Communist Russia*. (Russia, 2001; 2003).

European Bank for Reconstruction and Development (EBRD) (1999). *Transition Report 1999: Ten Years of Transition. Economic Transition in Central and Eastern Europe, the Baltic States and the CIS*. London: European Bank for Reconstruction and Development.

European Bank for Reconstruction and Development (EBRD). *EBRD Transition Reports Online*. Available from: <http://transitionreport.co.uk/TRO/a/archives> [accessed 24 August 2009].

European Bank for Reconstruction and Development (EBRD) (2007). *EBRD Transition Report (2007): People in Transition*. Available from: http://transitionreport.co.uk/TRO/a/archives [accessed 24 August 2009].

Evans, G. (1997). Class inequality and the formation of political interests in Eastern Europe. *Archive of European Sociology*, **38**, 207–234.

Evans, G. (2006). The social bases of political divisions in post-communist Eastern Europe. *Annual .Review of Sociology*, **32**, 245–270.

Evans, G. and Mills, C. (1999). Are there classes in post-communist societies? A new approach to identifying class structure. *Sociology*, **33**, 23–46.

Evans, G. and Whitefield, S. (2006). Explaining the emergence and persistence of class voting for presidential candidates in post-soviet Russia, 1993–2001. *Political Research Quarterly*, **59**, 23–34.

Finifter, A. W. and Mickiewicz, E. (1992). Redefining the political system of the USSR: mass support for political change. *The American Political Science Review*, **86**, 857–874.

Firebaugh, G. and Sandu, D. (1998). Who supports marketization and democratization in post-communist Romania? *Sociological Forum*, **13**, 521–541.

Gibson, J. (1996). Political and economic markets: changes in the connection between attitudes toward .political democracy and a market economy within the mass culture of Russia and Ukraine. *The Journal of Politics*, **58**, 954–984.

Glenn, N. D. (1976). Cohort analysts' futile quest: statistical attempts to separate age, period and cohort effects. *American Sociological Review*, **41**, 900–904.

Glenn, N. D. (1977). *Cohort Analysis*. Beverly Hills, CA: Sage.

Hahn, J. and Logivinenko, I. (2008). Generational differences in Russian attitudes towards democracy and the economy. *Europe-Asia Studies*, **60**, 1345–1369.

Hayo, B. and Seifret, W. (2003). Subjective economic well-being in Eastern Europe. *Journal of Economic Psychology*, **24**, 329–348.

Heyns, B. (2005). Emerging inequalities in Central and Eastern Europe. *Annual Review of Sociology*, **31**, 163–197.

Hraba, J., Mullick, R., Lorenz, F. O. and Večerník, J. (2001). Age and Czechs' attitudes towards the post-communist economic reforms. *The Sociological Quarterly*, **42**, 421–435.

Huisman, M. (2000). Imputation of missing item responses: some simple techniques. *Quality and Quantity*, **34**, 331–351.

Kiewiet, R. D. and Myagkov, M. G. (2002). Are the communists dying out in Russia? *Communist and Post-Communist Studies*, **35**, 39–50.

Kitschelt, H. (1992). The formation of party systems in East Central Europe. *Politics and Society*, **20**, 7–50.

Kitschelt, H. (1995). The formation of party cleavages in post-communist democracies: theoretical propositions. *Party Politics*, **1**, 447–472.

Kitschelt, H., Dimitrov, D. and Kanev, A. (1995). The structuring of the vote in post-communist part systems: the Bulgarian example. *European Journal of Political Research*, **27**, 143–160.

Kornai, J. (2006). The great transformation of Central Eastern Europe: success and disappointment. *Economics of Transition*, **14**, 207–244.

Mach, B. W. and Jackson, J. E. (2006). Employment change, attitude evolution and voting during Poland's transition: longitudinal evidence. *European Journal of Political Economy*, **22**, 472–502.

Mateju, P., Rehakova, B. and Evans, G. (1999). In: Evans, G. (Ed.), *The End of Class Politics? : Class Voting in Comparative Context*. Oxford: Oxford University Press.

Mishler, W. and Rose, R. (2007). Generation, age, and time: the dynamics of political learning during Russia's transformation. *American Journal of Political Science*, **51**, 822–834.

Müller, K. (2002). Old-age security in the Baltics: legacy, early reforms and recent trends. *Europe-Asia Studies*, **54**, 725–748.

Müller, K. (2008). The politics and outcomes of three-pillar pension reform in Central and Eastern Europe. In Azra, C. and Kohli, M. (Eds.), *Pension Reform in Europe: Politics, Policies and Outcomes*. Abingdon: Routledge, pp. 87–106.

Przeworski, A. (1991). *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America*. Cambridge: Cambridge University Press.

Rose, R. (2006). *Diverging Paths of Post-Communist Countries: New Europe Barometer Trends since 1991*. Aberdeen: Centre for the Study of Public Policy, University of Aberdeen.

Saar, E. (2008). Different cohorts and evaluation of income differences in Estonia. *International Sociology*, **23**, 417–445.

Snijders, T. and Boskers, R. (1999). *Multilevel Analysis: An Introduction to Basic and Advanced Multilevel Modelling*. London: Sage.

The European Union INTAS programme (INTAS 93-623 and INTAS 94-3396). *Ethnicity, Nationalism and Citizenship in the Former Soviet Union*. (Russia, 1995 and 1996; Latvia, 1996 and Moldova, 1996).

Tilley, J. (2002). Political generations and partisanship in the UK, 1964–1997. *Journal of the Royal Statistical Society: Series A (Statistics in Society)*, **165**, 121–135.

Tworzecki, H. (2003). *Learning to Choose: Electoral Politics in East-Central Europe*. Stanford, CA: Stanford University Press.

Večerník, J. (2001). From needs to the market: the changing inequality of household income in the Czech transition. *European Societies*, **3**, 191–212.

Verhoeven, W. J., Jansen, W. and Dessens, J. (2009). Losers in market transition: the unemployed, the retired, and the disabled. *European Sociological Review*, **25**, 103–122.

Vodopivec, M., Wörgötter, A. and Raju, D. (2005). Unemployment benefit systems in Central and Eastern Europe: a review of the 1990s. *Comparative Economic Studies*, **47**, 615–651.

Whitefield, S. and Evans, G. (1999). Class, markets and partisanship in post-Soviet Russia: 1993–96. *Electoral Studies*, **18**, 155–178.

World Bank, Mitra, P. and Selowsky, M (2002). *Transition—The First Ten Years: Analysis and Lessons.for Eastern Europe and the Former Soviet Union*. Washington, DC: World Bank.

Zajicek, A., Calasanti, T. and Zajicek, E. (2007). Pension reforms and old people in Poland: an age, class, and gender lens. *Journal of Aging Studies*, **21**, 55–68.

Authors' Addresses

Pia Horvat, European Commission, Rue de la Loi 200/ Wet Straat, 1049-Brussels, Belgium. Email: pia.horvat@gmail.com

Geoffrey Evans (to whom correspondence should be addressed), Nuffield College, University of Oxford, New Road, Oxford OX1 1NF, UK. Email: geoffrey.evans@nuffield.ox.ac.uk

Manuscript received: January 2010

Appendix

A.1. The surveys

Table A1.1 Survey sample sizes by country and by year

Country	1993 *N*	1994 *N*	1996 *N*	2007 *N*
Belarus	1,196			1,000
Bulgaria	1,799			988
Czech Rep	–	1,504		984
Estonia	2,029			1,057
Hungary	–	1,297		1,030
Latvia	–		1,707	1,024
Lithuania	2,000			1,002
Moldova	–		1,602	1,030
Poland	1,727			1,498
Romania	1,614			1,492
Russia	1,999			2,000
Slovakia	–	1,491		1,032
Ukraine	2,537			1,491

The 2007 surveys were conducted within the 'Social Inequality and Why It Matters for the Economic and Democratic Development of Europe and Its Citizens: Post-Communist Central and Eastern Europe in Comparative Perspective' Project, also known under the acronym EUREQUAL, and funded through the European Union's 6th Framework Project. The early surveys were conducted during the period between 1993 and 1996 under the Economic and Social Research Council East–West and European Union INTAS Programmes.

A.2. Economic experience questions

1. Past living standards: Compared with 5 years ago, has your household's standard of living fallen a great deal, fallen a little, stayed about the same, risen a little, or has it risen a lot? Fallen a great deal, Fallen a little, Stayed about the same/Don't know, Risen a little, Risen a lot.
2. Expected living standards: And looking ahead over the next 5 years, do you think that your household's standard of living will fall a great deal from its current level, fall a little, stay about the same as it is now, rise a little, or rise a lot from its current level? Will fall a great deal, Will fall a little, Will stay about the same/Don't know, Will rise a little, Will rise a lot.
3. No way of improving income: Of the options on this card, which is most likely to increase your standard of living? Please choose one of the options on this list. Starting your own business, Moving to another area, Moving to another country, Getting promotion, Working longer hours, Getting a new job, Getting a new qualification or skill, Continuing with what you are doing now, No way of increasing standard of living, Don't know. In some surveys the respondents were also asked to choose a second option.
4. Evaluation of the market economy: And how would you evaluate the *actual* experience of the market economy so far? Very positively, Positively, Negatively, Very negatively, Neither positively nor negatively (Don't know)

For all five-point scales don't knows are coded as 3 together with 'about the same'. Different treatments of don't knows make effectively no difference to the results.

There was one limitation with regard to the 'no way of improving income' measure in the 2007 surveys. The question was asked in the 2007 Russian survey, but regrettably the 'no way of improvement' option did not appear among the other options on the card. As we had otherwise complete Russian data for both years and Russian surveys at five additional time points—the last one in 2003—at our disposal (see Table A2.1 below), the figure was subsequently imputed. All Russian surveys, save the 2007 survey, also asked respondents to choose a second option for the living standard improvement question. The comparison of the 2007 survey responses with other Russian surveys suggested that respondents, which would instead choose the 'no way of improvement' option, mostly said that the best way of increasing their living standard in the future would be to continue in the present situation. Thus, the options of 'no way of improvement' and 'continue the same' are to an extent substitutable. The imputation exercise was completed under the assumption that the trend in responses established over the period from 1993 to 2003 would continue into 2007. Following the logic of item correlation substitution technique, whereby a missing value is replaced by the observed response on that item which has the highest correlation with the missing item (Huisman, 2000), we examined the correlations between the choices on this item with other living standard items to construct a profile of a respondent with a high probability of choosing the 'no way of improvement' option. The respondents' likelihood of choosing the 'no way of improvement' option was subsequently predicted on the basis of the answers they gave to other living standard items that best correlated with the choices on the item under consideration. Respondents with the highest probabilities were then treated as though they have chosen the 'no way of improvement' option in proportion to what we would expect in 2007 given the 1993–2003 trend. It should be noted that the general pattern of results are robust to the inclusion of Russian data; excluding Russia makes no difference to the attained levels of significance and trivial difference to the sizes of the coefficients for this variable.

Table A2.1 Supplementary surveys for Russia by year

Russia/year	1995	1996	1998	2001	2003
N	2,003	2,012	2,008	2,000	2,000

A.3. Control variables

1. Social class

Pensioners are classified according to their last job. Non-working people with working spouses are given the spouse's class position. People who have never had paid employment and do not have a working spouse are classified as 'never had a paying job'.