

In conclusion, we believe that the *emerging capitalist systems* should also be included in the analysis. It would certainly help to develop a consistent theory of post-communist transformation, drawing on the 'varieties of capitalism approach', and at the same time it would contribute to testing this approach against other than well established systems of coordination. Consequently, the real strength of the varieties of capitalism approach consists in effectively bridging the economic, institutional, political, and cultural (historical) dimensions in the analysis of modern socio-economic systems and illuminating the conditions under which nations build or fail to build their comparative economic advantages. *Varieties of Capitalism* succeeds in an all-too-rare academic marriage of business and political economic theory, or in other words, in reconnecting "the new microeconomics to important issues in macroeconomics" (p. 5). The book represents one of the most consistent approaches to the study of competitiveness in a broader historical and political context.

Petr Matějů, Anna Vitásková

Tony Atkinson – Bea Cantillon – Eric Marlier – Brian Nolan: *Social Indicators: The EU and Social Inclusion*
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xvi and 240 pp.

Combating poverty and social exclusion has become an important task in the European Union. The Lisbon European Council in March 2000 established common objectives on poverty and social exclusion, which were then agreed on at the Nice European Council in December 2000. National Action Plans on social inclusion have been prepared by Member States and common indicators agreed on for monitoring progress towards common objectives and for encouraging the sharing of best experience. Following consideration devoted to the issue by experts in the field, the

European Council held in Laeken in December 2001 endorsed the first set of 18 common statistical indicators for social inclusion.

Social Indicators: The EU and Social Inclusion thoroughly describes the route to creating and the considerations over what finally became the 'Laeken indicators'. During the Belgian presidency of the EU, a group of researchers, under the charismatic leadership of the outstanding British scholar in social policy Sir Tony Atkinson, gathered together previous experiences and submitted common approaches to measurement of poverty and social exclusion to critical analysis. After a thorough examination of current knowledge and experience, the authors formulated 33 recommendations for the construction of indicators and, in the end, also defined them and outlined the actual shape they are to take.

After 'setting the stage' in Chapter 1 by delineating the scope of the book's analysis, the rest of the work is organised into eight chapters (2–9). In Chapter 2, the principles of indicators and their properties are described and set on a general level. The authors posit six basic principles, starting with a clear and accepted normative interpretation and ending with feasibility of data provision. Another three criteria concern the portfolio of indicators: their balance across different dimensions, mutual consistence and proportionality, and their transparency and accessibility to EU citizens.

One should note that the principles of the construction of indicators are indeed demanding and sometimes might even be conflicting – e.g. the requirement to identify the essence of the problem by maintaining transparency and easy comprehension. Indeed, the European Commission asks for indicators that are 'easy to read and understand' – the question arises, then, whether we can really capture the essence of problems with simple indicators. It is a challenging task, and what is then required is to enhance statistical capacity, particularly in terms of good surveys among households,

together with contextual and complementary data.

After laying out these principles, the more specific properties of indicators are considered with regard to various options. Among these is the choice between individuals and households as observation units, between relative and absolute, or static and dynamic approaches, between national and EU-wide indicators, stock and flow, levels and changes, and subjective and objective indicators. The authors make some important decisions here and put forth as recommendations. They then provide a brief description of the indicators applied in the EU-15 countries (Chapter 3) in areas of financial standards, education, employment, health, housing and social participation. It should be noted that there is remarkable amount of research in almost all the old EU member countries devoted to the topic and providing regular reports on the social situation.

The next, quite brief, part (Chapter 4) presents the portfolio of indicators the authors recommend for use in social inclusion targeting and assessment. They propose three levels of indicators – level 1 of lead indicators, level 2 of supporting indicators (both comparative), and level 3 of national indicators left to the discretion of individual member states. Ten indicators were chosen as the lead ones for the first phase of social inclusion process. Authors take into account various circumstances and check cautiously many problems and risks. Therefore, they also consider the list as preliminary, subject to further research and experience, followed by critical assessment and new recommendations (already prepared for 2005 under the Luxembourg presidency).

Two subsequent chapters deal with the complex problem of poverty. First, in Chapter 5, conceptual and measurement problems of poverty are presented and various indicators assessed from the following points of view: how well they tackle the essence of a problem, how robust they are and how statistically reliable, how respon-

sive they are to policy interventions, and how comparable and feasible they are for statistical procedures. What is recommended in the end is the relative measurement of the poverty risk using the individual as an observation unit and setting the threshold at equivalent household income.

In Chapter 6, an analysis is made of some frequently neglected issues relating to poverty persistence (temporary income insufficiency is not necessarily poverty) and the poverty gap (which rounds out the simple head count of poverty with the measurement of its depth). Deprivation indexes that go beyond the simple monetary indicators are also considered. These can be used either autonomously or in combination with income indicators. In spite of some previous efforts to create comparative indices (e.g. the deprivation index set by Eurostat and based on affordability of regular meat dishes, new clothes and holidays), the authors have designed their indicators on a national level (level 3).

A brief, final section in this chapter presents the basic measurements of income inequality and concludes with the recommendation that the ratio of the top and bottom quintile share of equivalised income be used as one of the main indicators. In fact, however, the story behind all leading indicators of poverty (except non-monetary deprivation indices) is about inequality of household income. Therefore, in the end, indicators of relative poverty are just a part of the examination of income inequality, with all the measurements and data availability problems associated with it. Thus the story might be told in reverse, i.e. by describing income hierarchy first and determining the 'right' cuts to various poverty risks next.

The next chapter (Chapter 7) deals with education, employment and unemployment. In addition to education levels, it also devotes attention to differential access to education "with a specific focus on parents' level of education and costs of education" (p. 135). The new EU statistics on income and living con-

ditions (EU-SILC) should include parents' education levels – variables that to date have been reserved for the study of social stratification. Along with the difference between employment and unemployment, the authors also consider under-employment and the working poor as possible sources of poverty.

The list of areas in which social exclusion can appear continues with an enumeration of access to "health and housing and wider dimensions" (Chapter 8). Those 'wider dimensions' include access to private and public services, and social participation/isolation, all topics only scarcely covered by social statistics to date. However, they also include financial precariousness (an indication of the inability of households to raise a specified sum in the case of an emergency), which I would locate rather in the financial poverty field. Similarly, problems related to functional literacy and numeracy appear here instead of being included in the education block.

The last chapter (Chapter 9) deals with the co-ordination of the process on the European level. All indicators are considered as dynamic ones and open to further refinement and completion. In particular, fields that are as yet poorly developed and need further research are pointed out – such as non-monetary indicators of deprivation, differential access to education, housing costs, homelessness and precarious housing, literacy and numeracy, access to essential services, and social participation.

The relationship between indication and policies, which is often neglected, is explicitly tackled here. While only several pages are devoted to this issue they are nonetheless of crucial importance. The general problem – how to indicate the impact of a policy – evokes fundamental questions: Was a change caused by a policy or by other circumstances? If by a policy, was it a particular recent policy or policies adopted in the past? The time lag between indication and policy, relates not only to a lag in policy impact but also to

survey data. The authors also query the possibility of governments focusing on improving performance that is measured by an indicator instead of focusing on improving the system as a whole.

The critical stance taken by the authors and the questions and doubts that they raise in the book is probably the most appealing side of this remarkable and highly useful study. The authors are not only knowledgeable about the matter in all its complexity, but they are also capable of looking at it from a distance and anticipating the possible risks of insufficient indication or feedback between indicators and policies. It is nice to read the recommendation – after so meticulously considering all the methodological details of indicators – that one should follow indicators "not to the letter but to the spirit" (p. 185). The entire societal context and political commitment should of course be taken into account, but then the portfolio of indicators needs to be much larger.

I can only add here that national research needs to develop into a multilevel and in-depth analysis, a point that is implicitly present in the book. Each step beyond basic statistical indicators generates immense problems of data availability and cross-national comparability. Therefore, to approach the inclusion process realistically, we need to bring in more sociology, referring to the social structure (i.e. a broader context that frames both the input and the output of the inclusion process), providing a rich picture of reality (multidimensionality and the use of various information sources), and also devoting thought to social consciousness (public awareness, legitimacy of transfers and supports).

Jiří Večerník