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Economic Inequalities in Montenegro

Abstract. The author analyses economic inequalities among the main social groups in Montenegro at the end of the socialist system and during the postsocialist transformation. Economic inequalities are analysed based on an economic status index, which is a composite index made up of multiple indicators: income, consumption, and asset ownership. The empirical basis for the analysis are survey results from 1989, 2003, and 2015. The findings show that there were economic inequalities during the entire period. In the late 1980s, the economic differentiation of social classes was very pronounced, despite the principle of equality with which the socialist system had legitimized itself. The period of postsocialist transformation raised the economic status of all social groups. Notwithstanding such improvement, the differences between the higher and lower social classes persisted.

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Introduction

The economic inequalities that existed under state socialism in Yugoslavia were the subject of numerous studies in the 1970s and 1980s.¹ Some analysed economic inequalities among social groups;² others pointed to inequalities in the distribution of power and prestige as well.³ Yet no sociologically significant connection among these three forms of inequality was established until research by Mladen Lazić in the mid-1980s found significant differences among the members of the main social classes, in terms both of accumulated material resources (apartments or houses, holiday homes, and permanent assets) and of

¹ Cf., for example, Mihailo V. Popović, ed, *Društveni slojevi i društvena svest. Sociološko istraživanje interesa, stilova života, klasne svesti i vrednosno-ideoloških orijentacija društvenih slojeva*, Belgrade 1977; Mihailo V. Popović, ed, *Društvene nejednakosti. Sociološko istraživanje u Beogradu*, Belgrade 1987; Stane Saksida / Andrej Caserman / Krešo Petrović, *Društvena stratifikacija i pokretljivost u jugoslovenskom društvu*, in: Rudi Supek, ed, *Klase i slojevi. Prilozi izučavanju društvenog sistema*, Zagreb 1977, 53-92.

² Cf. Popović, ed, *Društveni slojevi i društvena svest*; Popović, ed, *Društvene nejednakosti*.

³ Saksida / Caserman / Petrović, *Društvena stratifikacija*.

financial assets.⁴ In addition, the differences in certain lifestyle aspects enjoyed by members of various social groups were cumulative in character (i. e., they 'supported' each other), and therefore inequalities in the overall social position of these groups became so pronounced that the groups acquired clear class distinctions.⁵

Regardless of the differences in empirical findings resulting from the application of different theoretical concepts, operationalization of terms, or methodological framework, scholars generally concluded that economic inequalities in socialist Yugoslavia were pronounced and were linked to the hierarchy of social positions. Members of the ruling collective-ownership class (*nomenklatura*) stood at the top; the middle positions were held by professionals, followed by smaller entrepreneurs and other members of the intermediate strata; workers and farmers occupied the very bottom of the social ladder. As will be shown, these inequalities, despite some improvement in economic status, have continued throughout the postsocialist period and persist today.

This study's main goal is to analyse the economic inequalities among the main social groups in Montenegro during the postsocialist transformation based on three empirical surveys conducted in 1989, 2003, and 2015, respectively. The 1989 survey, involving more than 14,000 respondents, was conducted in all the Yugoslav republics of that time as part of the project 'Social Structure and Quality of Life' (*Socijalna struktura i kvalitet života*) carried out by the government-based consortium of Yugoslav Institutes for Social Sciences in 1989/90. The present study has extracted a sample of 879 respondents from Montenegro. The 2003 survey, part of the Norwegian-led project 'South East European Social Survey Project', was headed by the sociologist Albert Simkus of the Department of Sociology and Political Science at Trondheim University.⁶ The present analysis is based on a sample of 1,435 respondents. The 2015 survey, comprising 1,275 respondents, was undertaken by Montenegrin Academy of Sciences and Arts. This latter survey, it should be noted, underrepresented both small farmers, the group in the lowest economic position, and members of the highest class, the economic and political elite. Hence, the comparison of its data with the previous survey findings will be somewhat limited. Some comparative data for Serbia was also included, yet the last survey in Serbia was carried out in 2012;⁷ the lack of more recent information thus hinders a genuinely up-to-date comparison.

⁴ Mladen Lazić, *U susret zatvorenom društvu*, Zagreb 1987.

⁵ Mladen Lazić, *Čekajući kapitalizam. Nastanak novih klasnih odnosa u Srbiji*, Belgrade 2011, 150.

⁶ Cf. Albert Simkus, Guest Editor's Introduction. The SEESSP Project, *International Journal of Sociology* 37, no. 3 (2007), 3-14, DOI: 10.2753/IJS0020-7659370300. All internet references were accessed on 15 May 2018.

⁷ For more details on this survey cf. Mladen Lazić / Slobodan Cvejić, eds, *Promene osnovnih struktura društva Srbije u periodu ubrzane transformacije*, Belgrade 2013.

The class-related positioning in this analysis has been operationalized based on the type and the quantity of financial, organizational, and cultural resources at the disposal of individuals. The following five social classes have been categorized: the ruling class, i. e. the economic and political elite; the middle class, i. e. professionals, lower managers, medium-sized entrepreneurs and small entrepreneurs with university degrees; the intermediate class, i. e. clerks, self-employed individuals, and small entrepreneurs with secondary and primary school diplomas; skilled and unskilled manual workers; and small farmers.⁸

The economic inequalities have been assessed on the basis of an economic status index, a composite index made up of multiple indicators: income, consumption, and asset ownership. More specifically, the composite index includes a household's total income, the value of an owner-inhabited house or apartment, the value of other real estate, the infrastructure available at the house or apartment, the value of permanent assets, the respondent's vacation practices, and the value of any owned vehicles. These indicators were used in all three surveys on which the present study is based, but the level of income and the financial value of property in 1989 needed to be evaluated using a suitable statistical model, because that survey's questionnaire did not include questions about these indicators.⁹ Accordingly, the value of assets was reconstructed based on the assumption that tenants with occupancy rights later purchased their apartments. Publicly ('socially') owned apartments were tenants' 'property' insofar as they held permanent right of occupancy, including the right to bequeath them. This form of ownership was prevalent particularly among the urban middle and upper classes, but apartments were also provided to manual workers. In the present study, respondents in the 1989 survey were allocated an approximate position on the interval scale of the apartment's value.

Household incomes were made comparable on the basis of the respondents' professions, with appropriate adjustments made for the number of household members and dependents. The five levels on the interval scale established via the value of the three mentioned indicators are 'low', 'lower medium', 'medium', 'higher medium', and 'high' economic position (values 1-5).¹⁰

For greater reliability, the findings here will be compared to relevant data from Serbia, which, excepting the 2015 survey, were collected at the same time and employed the same research tools. Moreover, Serbia and Montenegro were, for the larger part of the period under scrutiny, parts of the same state.

⁸ For more details on this categorization cf. Lazić, Čekajući kapitalizam.

⁹ For more details on the differences in constructing social classes in socialist and postsocialist sociology cf. Mladen Lazić / Slobodan Cvejić, *Promene društvene strukture u Srbiji. Slučaj blokirane postsocijalističke transformacije*, in: Anđelka Milić, ed, *Društvena transformacija i strategije društvenih grupa. Svakodnevnica Srbije na početku trećeg milenijuma*, Belgrade 2004, 39-70, 54.

¹⁰ Cf. Lazić / Cvejić, *Promene društvene strukture u Srbiji*, 53-54.

Research Findings

The Socialist Period

At the end of the 1980s, the economic position of slightly more than half of the surveyed population was 'low' or 'lower medium' (Table 1). As many as one-fifth of the respondents were at the very bottom of the economic status scale, while only 5% enjoyed high economic status. Comparable data for Serbia in the same survey indicate a similar distribution on the economic scale: the economic status of 56% of respondents was 'low' and 'lower medium'; the status of about one-quarter was 'medium'; the economic status of 6% was 'high'.

Tukey's multiple comparison test of social groups according to their economic status has enabled a picture to emerge of the distinctive characteristics of a given economic position during the socialist era, complementing the descriptive analysis of economic status. Tukey's test reveals statistically significant differences in economic status among members of all social groups in Montenegro during the late 1980s (Table 2).¹¹

The average result on the economic status scale for specific social groups at the end of the 1980s clearly indicates that farmers, of whom 85% were 'low' or 'lower medium' on the scale, were at the bottom of the economic hierarchy. Much the same can be said for Serbia, with corresponding low-status totals adding up to 86% in the 1989 survey. A quite similar situation was also documented for Croatia.¹² Although Yugoslavia abandoned agricultural collectivization by the early 1950s and re-introduced private ownership of small farming plots, such a limited form of private ownership, combined with the longstanding practice of breaking down land into smaller lots with every passing generation (which continued throughout the postwar period), presented obstacles to the development of a modern form of agriculture. Households continued to produce mostly for their own needs rather than for the market.¹³

Analysis of the consistency of economic status within social classes provides a more comprehensive understanding of the economic status of social groups. Such (in)consistency within classes was examined using a coefficient of variation (CV), which represents the ratio of the standard deviation to the mean. It indicates the average deviation of the economic status of a member of a certain group from the average economic status of the same group (Table 3).

The values of the coefficient of variation for the small farmer shows that the degree of variability was relatively high (CV = 51.0%). This can be explained by

¹¹ The Tukey multiple comparison test was named for the American mathematician John W. Tukey, cf. John W. Tukey, Comparing Individual Means in the Analysis of Variance, *Biometrics* 5, no. 2 (1949), 99-114, DOI: 10.2307/3001913.

¹² Cf. Lazić, U susret zatvorenom društvu.

¹³ Cf. Danilo Mrkšić, *Srednji slojevi u Jugoslaviji*, Belgrade 1987, 154-155.

Table 1. Economic positions in Montenegro and Serbia in 1989 – in %.

<i>Economic positions index</i>	<i>Montenegro</i>	<i>Serbia</i>
Low	20.6	17.9
Lower medium	34.1	38.1
Medium	26.5	24.1
Higher medium	13.9	14.1
High	4.9	5.9
Total	100.0	100.0
<i>Mean</i>	<i>2.48</i>	<i>2.52</i>

Table 2. Results of Turkey's multiple comparison test in Montenegro, in 1989.

<i>Social class/strata</i>	<i>N</i>	<i>Subset for alpha = 0.05</i>				
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Small farmers	83	1.5663				
Manual workers	339		2.0590			
Clerks and technicians	133			2.7744		
Professionals, small entrepreneurs	133				3.4436	
Upper class	60					3.8000
Sig.		1.000	1.000	1.000	1.000	1.000

Table 3. Economic positions in Montenegro – Mean, Standard Deviation and Coefficient of Variation, in 1989.

<i>Social class/strata</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>CV (%)</i>
Small farmers	1.56	0.79	51.0
Manual workers	2.05	0.89	43.7
Clerks and technicians	2.77	0.95	34.2
Professionals, small entrepreneurs	3.44	0.98	28.6
Upper class	3.80	0.93	24.6

the different strategies employed by agricultural households, i. e. the varying degrees of investment in small agricultural holdings, employment in non-agricultural sectors, entrepreneurship, and other strategies.

The economic status of manual workers, although they fared somewhat better than the farmers, was also unfavourable. The empirical data show that 73% of manual workers were at the bottom two levels of the economic status scale. Yet

even though workers and farmers were consigned to the lower rungs of the social hierarchy, workers were in fact in a far better position than farmers: they were involved in the public sector and had better working conditions, higher incomes, greater social security, and more opportunities for education and upward social mobility.¹⁴ Compared to the all-Yugoslav sample, however, the economic status of the working class in Montenegro was significantly below average. Furthermore, this social group revealed a low degree of homogeneity in the late 1980s ($CV = 43.7\%$). That the working class experienced such a low level of consistency in economic status can be explained as a consequence of the market-oriented economic decentralization regulations introduced in the early 1960s, which not only increased the economic differentiation of the ruling, middle, and working classes—as in fact indicated by the survey findings—but also fostered significant differences in economic status within the working class itself. Decentralization sharpened the existing differences between states and provinces, as well as within specific economic sectors spread out geographically throughout Montenegro. Thus the actual social position of working-class people depended significantly on the specific company, industry, state, etc., for which they worked.¹⁵

The average values of economic status for the remaining social groups indicate that the intermediate class (clerks and technicians) was in the middle of the hierarchy: the position of most clerks and technicians was medium (41.4%), while other members of this class mostly ranked lower (36.9%). The intermediate class was followed by those professionals and smaller managers whose economic position was somewhat better. Most members of this class, in fact, ranked above the middle position on the scale; only 17.3% of professionals and smaller managers were at the low and lower-medium levels, whereas 33.1% were in the middle, 35.3% belonged to the higher-medium category, and 14.3% managed to achieve high economic status.

As expected, at the very top were the socialist nomenklatura, none of whom occupied the lowest economic rank: just 10% were in the lower-medium category, with 25% in the middle and nearly half in the higher-medium and high categories (40.0% and 25.9%, respectively). This social group's inner structure was thus clearly hierarchical, i. e., a higher position meant more favourable economic status.

Certain features of Yugoslavia's market-oriented socialist model can explain the superior economic status of professionals and the ruling class, just as these features helped account for the position of lower groups in the economic hierarchy. Because companies possessed relative autonomy within Yugoslavia's self-managed system, their directors could increase their earnings and the

¹⁴ Cf. Mrkšić, *Srednji slojevi u Jugoslaviji*.

¹⁵ Lazić, *Čekajući kapitalizam*, 205.

salaries of skilled personnel, which significantly raised their economic status compared to that of manual workers. A comparison with Serbia proves this point, as almost identical economic inequalities existed there. Furthermore, the coefficients of variation's values for the upper echelons of the social hierarchy (professionals, smaller managers, and members of the upper class) show that the internal consistency in economic status among these groups is much more pronounced than it is in lower groups. Regarding Montenegro's economic inequalities at the end of the socialist period, the most salient feature is how pronounced these inequalities were (as they were, indeed, in Serbia and Croatia), even as social *equality* was one of the main legitimating principles of the socialist regime.

The Postsocialist Transformation

Montenegro's economic system collapsed in the 1990s. GDP dropped dramatically, its fall lasting until 1994. A decline in employment and an increase in unemployment occurred in tandem with an expansion of the informal economy, which is estimated to have accounted for as much as 40% of GDP at the time.¹⁶ As expected, these economic trends were accompanied by changes in the economic differentiation of social classes. Unfortunately, no survey of the social structure was conducted in Montenegro during the 1990s, which is why it is not possible to discuss the development of economic inequalities for this period.

What can be said, however, is that during the 1990s in Serbia—a joint state with Montenegro, after all—the economy's collapse caused marked social polarization. The lengthy economic crisis, culminating in the hyperinflation crash of 1993, brought mass impoverishment: the livelihoods of around one-fifth of the population were gravely compromised.¹⁷ Mass impoverishment did not hit all social classes evenly, however. The massive crisis resulted in a pronounced process of restratification, pitting a small number of individuals at the top against the rest of the population. In other words, one group, whose accumulating wealth rested on legal as well as illegal and semi-legal activities and who, at the same time, were able to successfully convert their earlier positions of power into economic prosperity, managed to separate themselves from the others at the top of the social ladder. This group of individuals, becoming steadily richer, left the large majority of the population socially far behind. The groups they distanced themselves from included various middle-class groups: small entrepreneurs, professionals, smaller managers, and especially the intermediate

¹⁶ All data are taken from Anđelko Lojpur, ed, *Analiza efekata dosadašnje privatizacije u Crnoj Gori*, Podgorica 2008, <http://www.potpredsjednikekon.gov.me/files/1241538656.pdf>.

¹⁷ Sreten Vujović, *Promene u materijalnom standardu i načinu života društvenih slojeva*, in: Mladen Lazić, ed, *Razaranje društva. Jugoslovensko društvo u krizi 90ih*, Belgrade 1994, 81-118.

class, whose economic status noticeably worsened during the 1990s, so much so that by the decade's end they had moved closer to manual workers than to the privileged groups.¹⁸

Only after 2000 was macroeconomic stability re-established in Montenegro (and in Serbia): GDP grew constantly during this period, reaching 4.4% in 2004.¹⁹ These economic trends determined the pattern of economic inequalities during this period (Table 4).

The economic status of a significant percentage of the Montenegrin population remained low: close to one-half of the surveyed households belonged to the social categories 'low' and 'lower medium'; slightly more than one-quarter was in the middle, with a far smaller percentage of households having medium and higher status. Similar empirical data were obtained in Serbia.

At first sight, it seems that the postsocialist transformation brought about a decline in the difference among social classes, at least if we set aside the social class at the very top. Farmers, however, due to the small number of respondents, were excluded from the analysis. Since farmers occupy the lowest rung on the economic hierarchy ladder, their absence in all probability reduced the overall differences among classes. The number of respondents belonging to the highest class was also low, and may also have affected the scope of social differences recorded.

What is more, the decreasing economic differentiation among social classes was accompanied by a weakening of their internal consistency. The differences between the average values of the economic status index for each class were reduced, because the gap between the middle and the higher class had nearly closed. The data indicates, however, that overall the economic position of all social groups improved between 1989 and 2003, the collapse of the 1990s notwithstanding (Table 5).

Despite such relative improvement in the economic status of manual workers, they lagged significantly behind the average in the overall sample of all social classes. In addition, the degree of consistency of economic status within this social class continued to be low, a finding mainly reflecting the differences between unskilled and skilled workers.

As for the empirical data available for Serbia, here the postsocialist transformation also reduced economic inequalities among the main social groups. The small farmers were positioned at the very bottom, as they had been a decade and a half earlier, whereas manual workers had to some extent improved their

¹⁸ Danilo Mrkšić, *Restratifikacija i promene materijalnog standarda*, in: Mladen Lazić, ed, *Račji hod. Srbija u transformacijskim procesima*, Belgrade 2000, 237-292, 276-281.

¹⁹ World Bank, National Accounts Data, and OECD National Accounts Data Files, GDP Growth (annual %), Montenegro 1998-2016, <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=CN-ME>.

Table 4. Economic positions in Montenegro and Serbia in 2003 – in %.

<i>Economic positions index</i>	<i>Montenegro</i>	<i>Serbia</i>
Low	14.7	15.9
Lower medium	34.3	37.8
Medium	26.8	25.5
Higher medium	14.7	14.7
High	9.6	6.1
Total	100.0	100.0
<i>Mean</i>	<i>2.70</i>	<i>2.57</i>

Table 5. Results of Tukey's multiple comparison test in Montenegro, in 2003.

<i>Social class/strata</i>	<i>N</i>	<i>Subset for alpha = 0.05</i>		
		<i>1</i>	<i>2</i>	<i>3</i>
Manual workers	231	2.27		
Clerks and technicians	140		3.00	
Professionals, small entrepreneurs	109			3.53
Upper class	27			3.85
Sig.		1.000	1.000	0.256

economic status and moved nearer to the overall average. Similar to what can be observed at the end of the socialist period, statistically significant differences in the economic positions of skilled and unskilled workers were recorded for the early 2000s. Here, too, unskilled workers, who had been considerably below the average at the end of the socialist period, hardly managed to reduce this gap, despite the drastically worse living conditions for nearly the entire population of Serbia during the 1990s.²⁰

The postsocialist transformation thus brought about a change in social relations as well as in the conditions dictating the very constitution of social groups. This latter aspect is true in particular for the middle class as well as for the economic and political elite. In brief, under the new social order the ownership of economic capital assumed the role previously played by the command regulation pattern, and thus it became the basis for class differentiation. Thereby, the small entrepreneurs, who had belonged to the social category of 'systemic outsiders' under the previous regime and whose position had been close to that of the middle class, became one of the primary middle-class groups.²¹ During the postsocialist transformation the political and economic elite retained their

²⁰ For more details see Lazić, Čekajući kapitalizam, 217-218; Lazić / Cvejić, Promene društvene strukture.

²¹ Lazić, Čekajući kapitalizam, 237-238.

political power and economic domination, which allowed members of the socialist nomenklatura to remain on top of the social hierarchy both politically and — through the conversion of a large proportion of public assets into private property — economically. However, the same processes which allowed the preservation of their political power and the conversion of what had been collective ('social') properties into private capital undermined the ability of the former members of the nomenklatura to be dominant socially. The legalization and implementation of political pluralism, private ownership, and liberal market-economy norms resulted in an increasing accumulation of capital 'from the bottom up' by capable small and medium-sized entrepreneurs.²²

The research findings for Montenegro from 2003 show an improvement in the economic position of members of the middle class — professionals, lower-ranking managers, and small entrepreneurs — with one-half of this group's members reaching a higher medium or high economic status. These improvements clearly show the economic success enjoyed by these groups during the market economy's growth as well as inadequate state regulation of the market. As mentioned above, no reliable tracking of the economic position of social classes during the 1990s is possible. In Serbia, the transformation of the system and in particular the changing role of private property, despite the profound economic crisis of the 1990s, improved the economic position of small entrepreneurs after 2000, when they were able to take advantage of new opportunities. The data from 2003, however, show that small, privately owned businesses proved to be no lasting basis for a more favourable economic position: a slight decline is evident, while at the same time the professionals' economic position improved.²³

Finally, the data on the economic status of the upper class indicate that there was no significant change. What changed, however, was the method of obtaining or maintaining a privileged economic (and overall social) position. At the end of the 1980s, members of the nomenklatura owed their high economic position to their control of the command economy. Fifteen years later, their high economic status was based on the successful conversion of their previous positions of power into financial wealth. The data for Serbia from 2003, in contrast, reveal a temporary decline in the economic status of the higher classes compared to 1989 and 1997, which can be explained by changes within the political elite after the collapse of Milošević's regime in 2000 and by the deterioration of the status of managers in public enterprises, which were mostly unsuccessful.²⁴

To contextualize more comprehensively the discussion of the economic differentiation of the main social groups, one must add a consideration of the

²² Mladen Lazić, *Elite u postsocijalističkoj transformaciji srpskog društva*, in: Lazić, ed, *Račji hod*, 21-64.

²³ Lazić, *Čekajući kapitalizam*, 153-161.

²⁴ Lazić, *Čekajući kapitalizam*, 156-157.

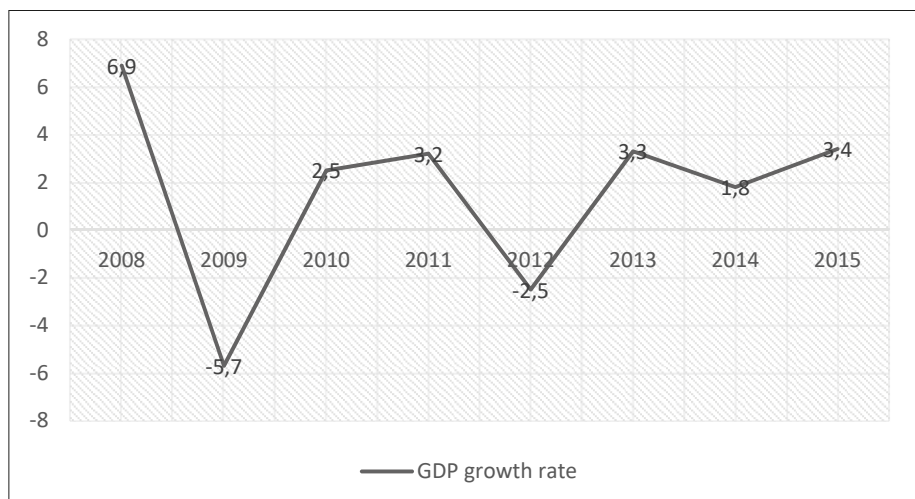


Figure 1. GDP growth rate in Montenegro, 2008-2015 – in %. Source: Monstat, Statistical Office of Montenegro, <http://www.monstat.org>.

structural changes of the last ten years, which have certainly exerted further impact on Montenegro's economic inequalities. Negative growth after the 2008 economic crisis gave way to two years of moderate growth before the Montenegrin economy re-entered recession in 2012, recording a negative growth rate of 2.5%. The data of 2015 indicate a slight recovery (Figure 1).

Trends in the main indicators of the labour market in Montenegro show a situation that remains very adverse (Table 6). Overall employment and activity rates in Montenegro are significantly lower than in the EU countries, and the unemployment rate is almost twice as high. According to the Statistical Office of Montenegro (Monstat), the average net wage in 2014 was 477 euros. Compared to other countries in the region, Montenegro takes third place after Slovenia and Croatia, and is ahead of Bosnia-Herzegovina, Serbia, and Macedonia.²⁵

The 2015 survey results indicate that the overall economic standard has improved over the last ten years. Almost half the surveyed population is positioned around the middle of the economic status ladder, while the percentage of those at the bottom has drastically declined (Table 7). However, as pointed out, this latest survey does not cover a sufficient number of small farmers to be able to adequately include them, which has the effect of reducing the overall social differences within classes.

To determine which elements contributed to this reduction in economic inequalities in Montenegro, the composite economic position index needs to

²⁵ Statistical Office of Montenegro (Monstat), Average Wages without Taxes and Contributions (NET) by Activity Sector, <http://www.monstat.org/eng/page.php?id=1270&pageid=24>.

Table 6. Key indicators of the labour market in Montenegro (ages 15-64).

	2009	2010	2011	2012	2013	2014	2015
Activity rate	60.3	59.3	57.3	58.7	58.9	61.6	53.7
Employment rate	48.8	47.6	45.9	47.0	47.4	50.4	44.3
Unemployment rate	19.2	19.8	19.9	19.9	19.6	18.2	17.6

Source: Monstat, Statistical Office of Montenegro, <http://www.monstat.org>.

Table 7. Economic positions in Montenegro, in 2015 – in %.

<i>Economic positions index</i>	<i>Montenegro</i>
Low	6.3
Lower medium	20.5
Medium	45.3
Higher medium	18.9
High	9.0
Total	100.0
<i>Mean</i>	<i>3.03</i>

be broken down into individual indicators, i. e., to income, consumption, and asset ownership. Table 8 shows the results of the descriptive analysis for each of the three indicators.

The values of the income index and in particular the asset ownership index contributed to the higher values of the total economic status index, and consequently to the less pronounced differentiation of the social groups' economic status. However, the 2015 survey registered no data on the number of household members, so it is impossible to correct the total household income figures through an accounting of the number of household members. The results obtained for the consumption expenditures index seem logical in general, while the data for the asset ownership index need further clarification. This index's high values may in fact be interpreted in several ways. First, the surveyed population seems to have overestimated the value of housing, as the regional distribution of Montenegro's population as reflected by the survey needs to be taken into account. Overall, 26.6% live in the coastal region, 48.3% live in the central region, and 25.0% live in the north.²⁶ Thus to some extent the survey data are inconsistent with regard to the actual market prices in the Montene-

²⁶ Statistical Office of Montenegro (Monstat), Poverty Analysis in Montenegro in 2012, Release no. 318, Podgorica December 2013, http://www.monstat.org/userfiles/file/analiza%20siromastva/ENGLESKI-%20ANALIZA%20SIROMAŠTVA%20U%20CRNOJ%20GORI%20U%202012____.pdf.

Table 8. Index of income, consumption and assets in Montenegro, in 2015 – in %.

	<i>Income index</i>	<i>Consumption expenditures index</i>	<i>Asset index</i>
Low	10.7	7.1	1.9
Lower medium	17.7	39.2	21.0
Medium	40.2	25.6	36.6
Higher medium	25.2	20.5	30.7
High	6.2	7.5	9.8
<i>Mean</i>	2.99	2.82	3.25

Table 9. Results of Tukey's multiple comparison test according to total income in Montenegro, in 2015.

<i>Social class/strata</i>	<i>N</i>	<i>Subset for alpha = 0.05</i>		
		<i>1</i>	<i>2</i>	<i>3</i>
Small farmers	52	2.50		
Manual workers	406	2.86	2.86	
Clerks and technicians	321		3.02	
Professionals, small entrepreneurs	289			3.42
Upper class	47			3.53
Sig.		0.069	0.777	0.916

gro's developed areas, i. e. the coastal regions and the capital, Podgorica. The value of the coastal region's land was inflated due to the sudden development of tourism, which became an important economic resource for the lowest social class, the farmers. Also, analysis of the individual elements making up the asset ownership index demonstrates that this index was boosted by the quality of technical equipment in the households, i. e., by the possession of permanent assets and the respective ages of such assets, as well as by vehicle ownership. Illustrative here is the fact that 26.6% of households in Montenegro do not own a vehicle, far lower than the 41.3% percentage of vehicle ownership in Serbia.

The analysis of variance shows that the differentiation according to asset ownership is less pronounced than the economic inequalities evident in total household income (Table 9).

The results of Tukey's multiple comparison test show that the hierarchy of social groups, although less pronounced, is largely intact. The two lowest social classes—farmers and manual workers—lag behind the average value in the sample of all social classes, while the intermediate classes almost reach average values. The results for the differentiation of social groups according to total income were expected, as the two top social groups, i. e., the middle and the upper

class, scored above-average values. Although members of these groups hold better social positions, the absence of significant differences between the two groups is surprising, even when accounting for the aforementioned under-representation of the upper strata in the sample. Concealment of actual income by members of the upper strata surely contributed as well to a reduction in the real differences in the total income of these two groups. Interestingly, and this may be an indicator of such concealment, household consumption patterns yielded the biggest differences among social groups, as revealed by the consumption expenditures index (Table 10).

In this index, the differentiation of the main social groups is far clearer. Farmers obviously rank at the very bottom, considerably lagging behind the other classes. The position of manual workers is somewhat better, and they come close to the intermediate class, whose position in this index is only slightly above average. The clear difference noticeable here between the middle and higher classes yields the greatest variation of all the indexes. In fact, when comparing Tukey's multiple comparison test with regard to asset ownership, a statistically much less significant difference between these two groups is as obvious as the lesser differentiation overall among all social groups (Table 11).

Differences in asset ownership are not very prominent among the social groups. Looking at the values for each group separately, manual workers trail behind the average value. Surprisingly, however, farmers attain an extremely high position on this index, and no significant difference between this group and the middle and upper classes is given. These very high values for farmers result primarily from the sample's small number of respondents; yet the growing value of land, even if its actual market value has probably been overestimated in anticipation of a further growth in tourism, the relatively good infrastructural coverage of arable land, and finally the level of technical equipment available in farmers' households, all play a role here.

Importantly, with regard to the upper class no index contains an average value greater than 4 (on a scale of 1 to 5). For the three indexes for this class, the tendency of values is directed somewhat above the mean, which can be explained by the pronounced variation in individual positions: the coefficient of variation is highest for total income ($CV = 0.39$), followed by consumption ($CV = 0.36$), then asset ownership ($CV = 0.25$). To allow a comparative analysis with the previous years, Table 12 gives the average values achieved by each social class on the overall economic position index.²⁷

²⁷ The economic status index, a composite index made up of multiple indicators (income, consumption, and asset ownership) is a reliable measuring instrument (Cronbach's Alpha = 0.699). The results of the statistical analysis indicate a statistically significant relationship among these three indicators. The Pearson correlation coefficient (r) between income index

Table 10. Results of Tukey's multiple comparison test of social groups according to consumption in Montenegro, in 2015.

<i>Social class/strata</i>	<i>N</i>	<i>Subset for alpha = 0.05</i>			
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Small farmers	52	2.2115			
Manual workers	406		2.6182		
Clerks and technicians	321		2.9875	2.9875	
Professionals, small entrepreneurs	289			3.1661	
Upper class	47				3.5957
Sig.		1.000	0.070	0.716	1.000

Table 11. Results of Tukey's multiple comparison test according to asset ownership in Montenegro, in 2015.

<i>Social class/strata</i>	<i>N</i>	<i>Subset for alpha = 0.05</i>		
		<i>1</i>	<i>2</i>	<i>3</i>
Manual workers	406	3.0493		
Clerks and technicians	321	3.3178	3.3178	
Professionals, small entrepreneurs	289		3.4464	3.4464
Small farmers	52			3.6731
Upper class	47			3.7660
Sig.		0.230	0.857	0.097

Table 12. Results of Tukey's multiple comparison test of social groups according to overall economic position in Montenegro, in 2015.

<i>Social class/strata</i>	<i>N</i>	<i>Subset for alpha = 0.05</i>			
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Small farmers	52	2.7500			
Manual workers	406	2.8473	2.8473		
Clerks and technicians	321		3.1402	3.1402	
Professionals, small entrepreneurs	289			3.4083	3.4083
Upper class	47				3.7234
Sig.		0.944	0.158	0.233	0.107

As in the previously surveyed years, a hierarchy among social groups is easily discernible. However, the economic status of the lower classes, including clerks and technicians, improved, while a slight change is also discernible for the respondents from the middle and upper classes. The Gini coefficient values

and consumption expenditures index is 0.552, between income index and asset index is 0.329, and between consumption expenditures index and asset index is 0.418.

also indicate that economic differences among the population in Montenegro are rather slight, especially when compared to other postsocialist countries.²⁸

Farmers show the most prominent improvement in economic status: the evidence reveals that they have come quite close to manual workers. However, the values of the composite economic position index, i. e. the 'improvements', mostly resulted from values achieved in the asset ownership index, where farmers were categorized to be in line with the upper class. In all other respects, such as income and consumption, they lagged behind the members of all other social groups.

Another element characterizing Montenegrin farmers is their low inner consistency as a group. A comparison with the research findings for this class in Serbia confirms significant differences: in Serbia, farmers, along with unskilled workers, were at the very bottom of the social ladder during the entire period of postsocialist transformation. In addition, there were no recorded improvements in this group's economic status during any of the analysed periods, unlike in Montenegro, where improvement was documented in the 2003 survey as having been made even before 2003, despite the fact that farmers as a sample were not representative in the surveys under scrutiny.

If manual workers in Montenegro enjoyed economic mobility and approached the intermediate class which remains, as previously, situated in the very middle of the hierarchy, this development must be interpreted in light of the high values recorded for asset ownership. Still, the economic status of almost one-third of manual workers is either 'low' or 'lower medium', with one-half ranking around the middle and 12.1% at the higher medium position. That 5.2% of workers rank 'high' may come as a surprise, yet this rate is not inconsistent with the overall economic improvement among Montenegro's population. By comparison, the percentage of manual workers in the higher economic categories ten years ago was half as large; at the end of the 1980s, the percentage of respondents who had managed to achieve high economic status was five times smaller.

Montenegro's singularity becomes even more obvious when it is compared to Serbia. Here, the research findings of 2012 established that there was a relative worsening in economic status for all classes except the highest. The decline in the status of skilled and unskilled workers is particularly prominent, showing growing poverty among the employed population or, more precisely, indicating that employment does not guarantee a stable, if not improved, living condition. What is more, in Serbia the economic status of the intermediate class (clerks and technicians) fell to the average level for the entire sample. Accordingly, Serbia's

²⁸ The value of the Gini coefficient in 2013 was 26.2; in 2012—26.5, and in 2011—25.9. Statistical Office of Montenegro (Monstat), Releases – Poverty Line, <https://www.monstat.org/eng/page.php?id=340&pageid=73>.

class structure has become consolidated, if not deepened: the economic status of the upper, middle, and lower classes is as clearly discernible as ever.²⁹

Conclusion

The research findings clearly illustrate the persistence of economic inequalities in Montenegro at the end of the socialist era, at the beginning of the 2000s, and recently. However, since the beginning of the 2000s, these inequalities are slightly less distinct. Figure 2 sums up the research findings on Montenegro's overall economic inequalities throughout the postsocialist transformation period, showing the average values of the economic positions for each individual class and for all three analysed periods.

During the socialist period, economic inequalities were pronounced even though the regime legitimized itself through the principle of equality of all. Economic inequalities were quite clearly connected to a class hierarchy: members of the *nomenklatura* were at the very top, while manual workers and farmers were at the very bottom. Thus during state socialism differences in the economic status among members of the main social groups were clearly marked by characteristics of social class.

Because no research was conducted into Montenegro's social structure and its economic inequalities during the 1990s, there is no data from that era about the effects of economic collapse, civil wars, and international isolation on class structuring related to economic status. Findings from 2003 and 2015 indicate that this period of 'unblocked transformation'—which were dissociated from the previous decade of 'blocked transformation'—in Montenegro (and similarly, in Serbia) caused a certain improvement in the economic status of all social groups. However, even though such improvement was recorded in the lower social groups as well, differences between the upper and lower social classes persisted throughout: farmers and manual workers are still positioned below the mean, or middle line, on the scale, followed by the intermediate strata made up of clerks and technicians, and (fluctuations notwithstanding) members of the higher social groups—middle and upper classes—remain at the top.

There was an expectation that similar social circumstances, primarily those related to structural and systemic changes in Montenegro and Serbia, might have led to similar developments of the social classes in each place. But this was not the case. The findings in Serbia indicate the marked persistence of economic inequalities and a crystallized pattern of class structure. In Montenegro, the economic gap between the groups on top and those at the bottom has instead

²⁹ Slobodan Cvejić, Novi trendovi u klasno-slojnoj pokretljivosti u Srbiji, in: Dušan Marinković / Srđan Šljukić, eds, *Promene u društvenoj strukturi i pokretljivosti*, Novi Sad 2012, 143-157, 148-150.

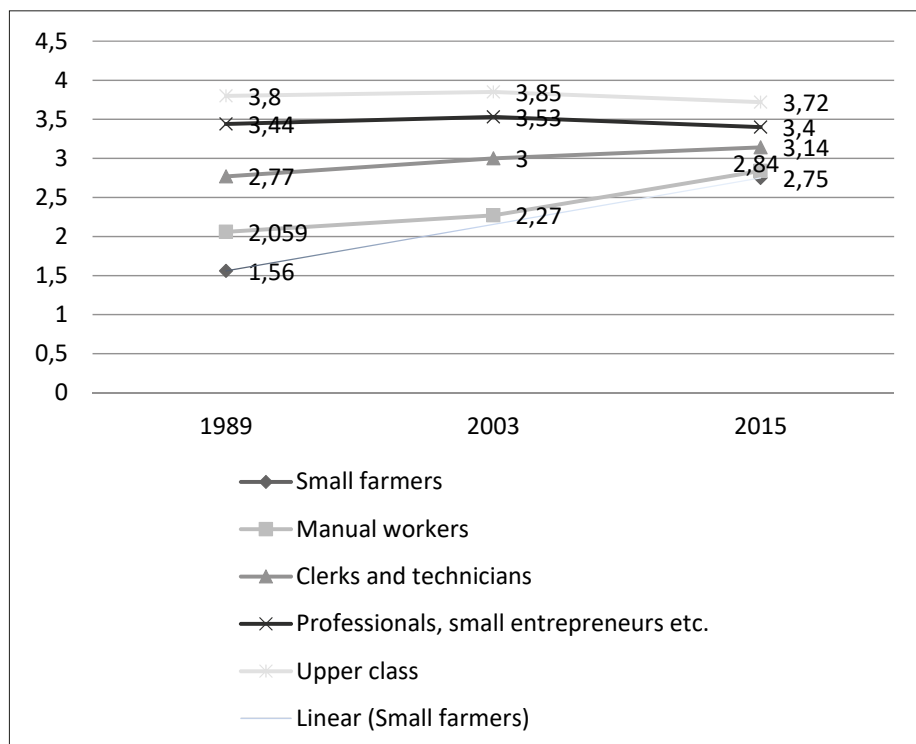


Figure 2. The average value of the economic positions of social groups in 1989, 2003, and 2015.

been slightly reduced after almost thirty years of systemic social change. This conclusion is clearly revealed by the present study, and all reservations are related to the underrepresentation in the sample of the social groups representing the two extreme positions in the hierarchical scale, i. e., the economic and political elite at the top, and farmers on the bottom.

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