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## **Conceptualising ‘precarious prosperity’—empirical and theoretical elements for debate\***

– Manuscript –

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## **Conceptualising ‘precarious prosperity’—empirical and theoretical elements for debate**

### **Abstract**

Empirical studies have recently pointed towards a structural position largely overlooked in social inequality research so far: the dynamic location in vicinity of the poor and yet not part of the established, more prosperous positions in society. This population fluctuates into and out of poverty more often than moving into and out of secure prosperity. It is characterized by both precariousness and prosperity, i.e. living with considerable material deprivations, yet holding opportunities for agency. Although empirically identified, this position still lacks theoretical conceptualization. To identify this in-between position of ‘precarious prosperity’ for comparative empirical research, we seek analytical elements to conceptualize it by subjecting various concepts of social inequality research to critical scrutiny. Thereafter we operationally define precarious prosperity to screen for this population in three countries. The last part of the paper presents first analysis of perceptions and ways of coping with material circumstances. These are based on qualitative interviews with selected households that underline the relevance of the concept of ‘precarious prosperity’ for the countries in question.

## 1 Introduction

Empirical studies have recently pointed towards a structural position largely overlooked in social inequality research so far: the dynamic location in vicinity of the poor and yet not part of the established, more prosperous social strata. This position is gaining interest in current debates on descending or precarious middle strata (see Birdsall et al. 2008, Portes 1985, Portes et al. 2003), working poor (Kutzner et al. 2004, Streuli et al. 2002), social vulnerability (Castel 2000, Whelan et al. 2008, Vogel 2004) or hidden poverty (Hartmann 1981, Becker et al. 2003).

This article builds on research realized within the project entitled 'A comparative perspective of precarious living conditions: subjective determinants of household strategies in four countries'. It is a follow-up project of a quantitative survey of precarious living conditions and social stratification in Switzerland (Farago *et al.*, 2005). Farago and Suter (2005), building on Hübinger (Hübinger, 1996) among others, have quantitatively identified a population around or slightly above the Swiss poverty threshold showing interesting characteristics regarding types of agency and income generating strategies. The identified population shows considerable diversity that could not sufficiently be explained through the quantitative data at hand. Hence, the need for an in-depth, qualitative approach to investigate the intricacies of this population group became apparent. Following Hübinger (1996), this position was tentatively termed 'in precarious prosperity'. However, to theoretically ground and conceptualize research on the population in this position, the notion of 'precarious prosperity' requires further elaboration. The aim of this article is to provide these deliberations. Furthermore, insights into first empirical results provide a more comprehensive and differentiated view, filling the concept with the meaning and lived experience of people in this position.

The research project is comparative and includes four countries: Chile, Costa Rica, Spain and Switzerland. We thus chose an innovative methodology, focussing on a new issue in the social inequality debate and comparing countries of the global South and North, an effort that is rather uncommon in comparative social research. As the concept of precarious prosperity initially emerged from the German context, the question we address in this research is: Is it possible to use this concept for comparative research including countries with well-elaborated social security provision in the North with countries in the South, where the level of social security provision is lower if it exists at all. For reasons of comparison we selected two countries in Latin America with long-standing traditions in social security representing two types of welfare regimes (neo-liberal in Chile and social-democratic in Costa Rica). In Europe we selected Switzerland with an encompassing and high level of social security and Spain, where the social security system has been established comparatively recently and which is classified as a Mediterranean (or familial) welfare state (Arts et al. 2002). Our basic assumption is that precarious prosperity is a structural feature found in the four countries selected; it is characterized by an ambivalence of a certain material living standard combined with (perceived) insecurity that individuals and households deal with on a daily basis. Handling precarious prosperity requires balancing wellbeing and (perceived) threat of downward mobility. This balance leads to very heterogeneous household situations that have rarely been the object of research so far. We argue that the term 'precarious prosperity' is adequate here, as it combines 'prosperity' (non-poverty) with insecurity (precariousness). Our reflections on this paradox are presented in Section 3. In order to do so, we review related concepts in poverty research in Section 2, and provide arguments leading us to favour the concept of 'precarious prosperity' over the reviewed, established ones. First exploratory analyses of our

comparative qualitative research are presented in Section 4. They confirm the assumption that households are challenged to manage the ambiguity of given material standards and deprivations on the one hand, and perceptions of possible deterioration thereof on the other hand.

## **2 Discussion of established concepts**

One large focus of ongoing debates in social inequality research has been on poverty or other socially disadvantaged groups. Coming from a poverty-research-background, we began our research process by reviewing several established and newly revived concepts in order to identify elements that might be useful to theoretically conceptualise the particular structural position that Hübinger (1996) had termed 'precarious prosperity'. These are: social exclusion, underclass, and *marginalidad*.

### **2.1 The concept of social exclusion**

'Social exclusion' has replaced concepts of poverty and social inequality (understood as 'deficient integration') in a series of debates. Reaching back to Weber and 'closure theory' (Mackert 2004), to Durkheim (Durkheim 2007 [1893]) and the concern for solidarity and inclusion, as well as to concepts of citizenship (Marshall 1992 [1949]), social exclusion has a variety of meanings today and has been particularly influential politically. René Lenoir first coined the term in the French public debate in 1974. He did not refer to a homogeneous category of people but to those who had been 'left out' of social security schemes or who had 'dropped out' of society such as alcoholics, drug addicts, mentally disabled, delinquent youth, etc. These groups were mainly defined through an institutional criterion: they were registered with public institutions such as social welfare institutions, prisons, police stations, children's homes etc. Towards the end of the 1980s, the term got well established and referred mainly to difficulties in French suburbs and to long-term unemployment (Fassin 1996:43-44).

Levitas (2000) distinguishes between three political discourses in social exclusion debates: the redistributive egalitarian discourse, the moralistic underclass discourse and the social integrationist discourse. The last one has two shadings: the liberal version in Britain and the conservative one in France—both calling for integration through work—, whereas the moralistic underclass discourse refers to US-American republicanism and communitarianism (see the debate on ‘underclass’ below). In France, inclusion is understood in an encompassing way with perspectives of solidarity and social cohesion at the forefront. These debates with strong political affinities appear rather simplistic, as they draw a clear dividing line between the included and the excluded. The redistributive egalitarian discourse appears somewhat better suited to address complex social inequalities being more complex an including power and horizontal social divisions (Daly et al. 2002).

However, despite proliferation of publications that prove the wide spread use of ‘social exclusion’ as a useful concept in social inequality research, a critical comparison with older, well-established concepts in poverty research reveals that it has little new to offer: ‘multiple deprivation’, dynamic poverty analyses and emphasis on relational and structural aspects of poverty have covered the supposed novelties of ‘social exclusion’ for several decades already (cf. Townsend 1979, Lister 2004, Alcock 2006, Kreckel 2004, Paugam 1996, Paugam 2005, Paugam et al. 1993, Kabeer 2000, Sen 2000)<sup>i</sup>. In addition, the inherent dichotomy between an integrated core society and excluded groups or individuals impedes understanding the dynamics of possible in-between categories. Finally, the underlying vision of society seems to be a rather Western European one; it cannot be easily transferred to socio-economic, cultural and political contexts of more strongly segregated societies.

## **2.2 The US debate—underclass**

In the US-American context, two concepts related to poverty—the culture of poverty and the underclass—emerged in the 1960s. They have recently been revived in the (Eastern) European context and have been applied in connection with the Turkish population in Germany, with Roma in Italy, and in post-communist Eastern Europe (see Domanski 2002, Mingione 1996). Probably first used as a merely economic term by Gunnar Myrdal (1995 [1944], 1962), the concept underclass referred to the unemployed, unemployable and underemployed people confined to the bottom of society due to technological and economic change, and revealed the ‘American Dilemma’ between democratic ideals of participation on the one hand and barriers impeding certain population groups to effectively participate on the other hand. This structural underclass appeared to be disconnected from the nation and its life, ambitions and achievements. Later, two new elements became associated with the concept and have since then dominated the debate: race and deviant behaviour.

At least partly, the underclass-debate may be understood as a reaction to the culture-of-poverty-approach as proposed by Lewis (1968, see also Moynihan et al. 1969, Glazer et al. 1995, Valentine 1968). The most prominent researcher is Wilson (1987), who used the term underclass somewhat ambiguously, by including a behavioural element at the beginning, but constraining it later to weak or inexistent labour market attachment. In its class-oriented guise, it discards the idea that a different set of values, diverging from the middle-class mainstream, predominates among the poor. Moreover, underclass behaviour is assumed to be the response to inadequate means—in comparison to those favoured by middle-class society—to obtain the same goals as mainstream society.

Most definitions today consider the underclass as part of the population in persistent poverty, deviating from the norm in behaviour and/or attitudes or living in

disadvantaged areas according to selected indicators (such as poverty rate, rate of welfare dependency or joblessness, etc., for an overview see Mincy 1989). All these aspects have theoretical and operational flaws. Most definitions include race and behaviour, providing good arguments for politically defining 'undeserving poor' (Marks 1991:446, Gans 1990, Gans et al. 1990). Furthermore, the debates on underclass and cultures of poverty—despite different origins—are associated today with either conservative or liberal political backgrounds, mainly in the US, and have strong moral underpinnings (Domanski 2002, Lokshin et al. 1999). Therefore, they do not seem appropriate for comparative purposes. Apart from being ambiguous, moralizing and not helpful in understanding change, underclass does not provide elements to conceptualize intermediate structural positions.

### **2.3 The Latin American debate—*marginalidad***

If the term *marginalidad* is strongly related to the theoretical field of dependency theory today, the history of the concept is not so straightforward. Two origins are usually mentioned: first, *marginalidad* is traced back to historical materialism, especially to the Marxian notion of the industrial reserve army. This has influenced dependency theory, where *marginalidad* characterises that part of the labour force that cannot be integrated into capitalist production (Quijano *et al.* 1983:82). During the import substituting industrialisation phase, however, the middle classes expanded; also, greater portions of workers were integrated into the formal labour market albeit with minimally paid jobs and low social protection. Finally, the informal sector did not constitute a 'socially excluded' sector but one with tight ties to the formal market. Consequently, the notion of *marginalidad* did not stand its proof in this perspective. The second origin is associated with the Chicago School that proposed a cultural approach within urban ecology. This perspective focussed on individuals and social groups 'at the margins of society' and their ways of living—outsiders or deviants of all

sorts. This cultural perspective has also had repercussions in the marginality-concept of dependency theory (Fassin 1996:54 ff).

The specific spatial imagination associated with *marginalidad*—‘centre-periphery’—can be traced to particular developments in Latin American countries. Massive rural migration led to rapid urbanization; subsistence farmers and landless peasants became the ‘reserve army’, the paupers, visible as squatter settlements at the periphery of Latin America’s major cities. Similar to the other concepts, *marginalidad* does not provide elements to identify structural positions between the ‘periphery’ and the ‘centre’ in terms of material wellbeing and no indications are available of whether, how and why mobility might occur across these dividing lines. Just as underclass for the North American context and social exclusion for Europe, it seems difficult to apply *marginalidad* to different socio-economic environments than its original context of emergence in Latin America.

#### **2.4 Summary of the critical review**

The critical review of the sociological concepts social exclusion, underclass and *marginalidad* shows that all three have been applied in research of (urban) poverty and social inequality (Fassin 1996:62). What makes them unsuitable for our purpose is the shared idea of a relatively homogeneous social ‘core’ on the one hand and specific separated population groups—the excluded, marginal or the underclass—on the other. This duality is represented in Figure 1, illustrating particular modes of spatial thinking in dichotomies—mainstream society versus underclass, centre versus margin, included versus excluded.

# Figure 1: ABOUT HERE: Separations of society through dichotomous concepts of social inequality #

This veils insights into the impact and origins of social inequalities; such conceptualisations have no potential to highlight how social positions on both sides of the supposed dividing line are connected nor how the dynamics of upward and downward mobility work (Vogel 2004:174). Explaining phenomena of social inequalities by assuming clear-cut theoretically posited boundaries conceals dynamics across them: structural positions close to the divide remain unconsidered (see Hübinger's 1996 proposition below). From a politically motivated perspective, emphasising 'peripheral situations' conceals and neglects the fact that problems associated with social inequalities begin at the centre of society (Fassin 1996). Consequently, the focus of research should be on how central institutions of society function and not on attributes of (excluded) individuals.

This critical review leads us to conclude that the revised concepts do not furnish appropriate elements to theoretically conceptualise a structural position close to but not equivalent to poverty. In the following section, we propose and elaborate a more encompassing perspective in which 'precarious prosperity' depicts a dynamic position in between secure prosperity and poverty.

### **3 Elaborating the concept 'precarious prosperity'**

In this section, we set out to conceptualise 'precarious prosperity', a term that emerged out of empirical research. After outlining empirical findings that initially led to coining the term, we revise debates on precariousness and the common understanding of prosperity to find crucial elements for the concept 'precarious prosperity'. We argue that the concept is useful for cross-national comparative purposes.

#### **3.1. Hübinger's empirically grounded proposal and the importance of subjective factors**

Hübinger (1996) was the first to empirically identify 'precarious prosperity' as a structural position in his quantitative study on poverty and social inequality in Western Germany. He divides the sample population into five quintiles both above and below the poverty line. The unexpected result was that the decisive structural boundary for understanding the lived realities of the sample population is not the poverty line. In fact, households around the poverty line—slightly above or below—showed considerable similarities regarding material wellbeing, deprivations and access to goods and services. Only the two superior (of five) quintiles above the poverty line distinguished themselves considerably from the lower ones: Hübinger thus identifies a 'structural break', a 'prosperity threshold', between the third and fourth quintile above the poverty line (see Figure 2). In the two superior prosperity quintiles, prosperity can be described as 'secure', life contingencies will usually not be followed by impoverishment; below these, contingencies may lead to poverty (Hübinger 1996:207).

# Figure 2: ABOUT HERE: Precarious prosperity according to Hübinger (1996) #

In a long-term-perspective, few households pass above or below the prosperity threshold, whereas a large part of households in precarious prosperity are threatened by moving into poverty. The results "change the picture we have of poverty, but equally the picture we have of prosperity" (Hübinger 1996:223, translation by authors). According to Hübinger's estimates, about 10% of the German population live below the poverty line, about 25-30% in precarious prosperity and about 50% in secure prosperity. This highlights the social relevance of research on the in-between position. According to Hübinger, a dual conception of society—as assumed by a single income poverty line as well as by the theoretical concepts reviewed above—is not useful to

understand the structures of social inequalities reflected in the lived realities of the concerned population group.

Hübinger's results concerning this intermediate population group were confirmed by Farago et al. (2005) in a Swiss study. Combining research foci on living situations and deprivations, the authors—in a project directly preceding our research—show that living conditions of households in poverty do not significantly diverge from those of households in the intermediate position with respect to important problems, such as financial or non-financial (private life, social networks) and the importance of social networks in order to face these problems. Social disadvantages refer mainly to housing, expenses for consumer goods and health. Only those households living in secure prosperity showed significantly lower levels of deprivation in all areas. Farago et al. (2005) observe a direct correlation between income and number of deprivations. However, this correlation was not continuous over the three strata in society: restrictions in daily life were considerably lower above an identified threshold, corresponding to Hübinger's (1996) 'prosperity threshold'. Farago et al. (2005) find household strategies easier to explain for the positions of secure prosperity and poverty than for the position in between. They suspect that households' perceptions of deprivations and their relative social disadvantages might provide clues to better understanding their strategies.

Similar studies do not exist to our knowledge in Latin America. Portes' et al. (1985) neo-marxist theorization of social inequality suggests the existence of such a position. They distinguish classes according to ownership of means of production, control over labour power of others and modes of remuneration. Two classes might reflect the positions debated in Europe: the 'informal proletariat' referring to the informal labour market with irregular monetary wages, and lacking social security, and the 'informal petty bourgeoisie' who cannot afford a mid to long-term planning of their activities

and their income; they depend on irregular and fluctuant opportunities on the market. According to Portes and Hoffman (2003) the neoliberal adjustment and deregulation in the 1990s and beginning of 2000 has increased the size of the formerly mentioned positions with insecure income-generation.

Due to the shortcomings of established concepts in social inequality research and the empirical results of recent research, we argue that the term proposed by Hübinger (1996) in his pioneering study is useful for comparative research, yet still void of conceptual elements. In the following section we conceptualise this compound and paradoxical term. The paradox lies in combining prosperity—i.e. a certain material security allowing for a certain scope of agency—with precariousness, i.e. a permanent threat to the (provisionally) secure position. These two components characterise the lived realities of people in this position. Figure 3 illustrates the tension.

# Figure 3 ABOUT HERE: Precarious prosperity—a paradoxical term #

### **3.2 The debate on precariousness**

The ideological background of the concept precariousness seems to have evolved from some type of social-democratic, institutional perspective, as it presupposes certain material securities and protection as well as a certain degree of stability in labour relationships. In this debate, the deregulation of economy is seen as a cause of precariousness. The literature on the term precariousness differs in content and discussion according to national scholarly discourses and their origins: the relationship to poverty in France, informal employment in Italy and Spain and labour market regulation in Italy, Spain and Germany; the British debate is based on the individual choice approach (Laparra et al. 2004:33-34). Consequently, in Germany, Spain and Italy, the debate links into industrial relations research regarding the

erosion of the standard work relationship; in France it is related to research on social cohesion, solidarity and social status and in the UK the focus is on flexibility, efficiency and productivity (ibid).

In sum, industrial relations are important for negotiating acceptable working conditions; the state is considered responsible for guaranteeing people a minimal acceptable standard of wellbeing, sheltering against social and economic adversities and providing against contingencies. This raises the question whether precariousness as discussed in Europe, where such conditions have prevailed over a long time and have constituted the norm rather than the exception for large parts of the population, makes sense in the Latin American context.

In more recent debates, precariousness is employed referring to labour and work. In this understanding, it characterises short-term, unstable, unprotected and undocumented forms of work (Rogers et al. 1995), and depicts the situation of the unemployed. However, precarious working conditions may, but need not necessarily lead to precarious living conditions, depending on the constitution of a household as a whole and on alternative sources of income and survival (Paugam 2000, Kraemer 2008).

In Germany, the term has revived social stratification debates and has led to the creation of the neologism 'Prekariat' (in consonance with 'Proletariat') (Müller-Hilmer 2006, Bosch et al. 2007, Kraemer 2008). In France, '*précarisation*' has been increasingly used to describe an overall tendency of society towards growing insecurity (Barbier 2004).

This most recent view of *précarisation* as a general societal tendency is too encompassing a notion for empirical research. The conventional notions of precariousness in relation to income generation and labour market attachment only is too narrow. When not confined to labour conditions, the term may be applied to a

broader population. Therefore, we recur to its broader sense, as suggested by Kraemer (2008). From his point of view, precariousness has four dimensions: (i) the current precarious professional situation, (ii) the professional biography, (iii) the current household situation and (iv) the particular subjective perception of the precarious living conditions.

Apart from pointing to possible difficulties at present, the concept anticipates the risk of possible disadvantages or downward mobility in the future. Precariousness refers to insecurity of material wellbeing (regardless of its causes), the perception thereof and hence to difficulties for mid and long-term planning.

Prosperity depicts a material situation characterized by more than just financial wellbeing. Interestingly, the term prosperity has been of less interest in the social sciences and has not found entry into social science dictionaries. An exception to the rule is made in the book 'Prosperity in Switzerland'<sup>ii</sup>. It starts with the statement that "prosperity has to do with material affluence, but it means more": personal opportunities for agency and the degree to which these opportunities are taken advantage of, in the sense of the ability to pursue those aims that make one's life meaningful and worthwhile (Mäder et al. 2002). A wide scope of agency is given when the financial situation allows for buying what one wants to have and for doing what one feels like doing. Prosperity does not refer to infinite opportunities, as many important things in life lie outside of the range of the material. But it means at least to have access to options mediated through financial exchange. Consequently, prosperity might be considered the range of agency that can be obtained with financial means: purchase and possession of goods, access to services but also to certain social groups such as clubs and societies.

Material prosperity may be obtained in different ways, for example by inheritance, marriage, or insertion into the labour market with a stable work contract and good

working conditions. Sufficient material means allow for planning a rather secure future. The concept of material prosperity encompasses the possibility to lead one's life without serious material worries. A broad definition of prosperity would further include social aspects such as working hours sparing sufficient time for leisure, political, social and cultural participation, social belonging and acknowledgement and access to social privileges, for example in terms of education, health or social networks and activities. Finally, it addresses the ability to pursue one's interests and exert certain degrees of power.

'Precarious' in 'precarious prosperity' thus refers to the uncertainty to maintain a given level of material prosperity. However, while 'precariousness' as such may be a feature applicable to all social strata below the established, prosperous middle and upper classes, 'precarious prosperity' does not depict the structural position of the 'poor', 'marginal' or 'socially excluded', 'underclass' but only those who combine certain features of precariousness with a certain degree of prosperity. The position 'precarious prosperity' is characterised by material wellbeing that allows for more than mere survival; it includes a certain scope of agency.

In sum, the concept 'precarious prosperity' refers to a particular, empirically detected structural position in-between poverty and secure material prosperity; it is characterised by the paradox of a certain level of material wellbeing, allowing for a certain scope of agency and planning, on the one hand, *and* by an inherent insecurity and perceived threat of downward-mobility, on the other hand. The concept 'precarious prosperity' allows breaking out of dual and dichotomous visions of society in order to grasp dynamics of social inequality and social mobility.

#### **4 First empirical results**

In this section, first empirical findings from three countries (Switzerland, Chile, Costa Rica) are presented<sup>iii</sup>. Unfortunately, the research process in Spain has been delayed for a number of reasons and data are not available yet. We briefly present our approach, describe how we operationally defined precarious prosperity and present the sampling procedure to assure the comparability of the data. Thereafter, we focus on the contents of the sub-sample of 20 interviews to assess whether the qualitative data suggest that the target population has been reached.

We depart from the assumption that subjective factors are important to understand individual and household strategies to face constraints in daily life. Subjective factors cannot reasonably be dealt with by means of quantitative surveys. Therefore we opted for a qualitative approach. The comparative perspective broadens the approach, and we assume that the structural position of precarious prosperity exists in most countries.

Wealth and income—measured by the UN-Gini-Index—are distributed more unequally in the two Latin American countries than in the European cases. In addition, standards of living are different. Unfortunately we have no directly comparable research to draw on for Chile and Costa Rica to identify the intermediate position. This requires a screening procedure. Two ‘hard’ criteria were used to screen the population for the target group in precarious prosperity: an income measure and a given number of deprivations based on the list of deprivation items as contained in the Euromodule and the Swiss Household Panel survey (Suter et al. 2005). Deprivations refer to the lack of possessions, activities or access to services due to financial constraints that a majority of the respective country population has or does, (e.g. being able to invite friends over for dinner once a month or being able to save a certain amount of money per month). As this research focuses on subjective

perceptions, interpretations and household-specific strategies, subjective assessments do not form part of the definition. Moreover, the analyses of the subsample presented below consider matters of agency and perception as 'soft criteria' or daily representations of precarious prosperity. They provide indications whether the screened population in precarious prosperity presents the elements considered essential in the position of precarious prosperity.

The income measure identifies the population slightly above the poverty line. Following a study on the distribution of prosperity in Switzerland (Müller et al. 2004), 60-80% of the median equivalised household income appears to represent this segment. In the two Latin American countries, the poverty threshold is on a very low and basic level. Therefore, the operational definition could not be based on the poverty threshold, as the population would not have been comparable. After discussion with the local university teams and in view of the difference of the Gini-Index, the target population for Chile and Costa Rica was defined as having an equivalised household income between the third and seventh decile of the per-capita income distribution.

The second criterion related to deprivations. Considerable differences of living standards in Chile and Costa Rica present a further challenge. Due to lack of comparable data, the number of deprivations was set lower in Europe and higher in Latin America. The following characteristics define the target group:

In Switzerland: having an equivalised income below the poverty threshold and having no or only one deprivation; having an income between 60 and 80% of the equivalised median population income; an income of above 80% of the equivalised median population income and two or more deprivations.

In Chile and Costa Rica: having an equivalised income below the third decile and three or less deprivations; having an equivalised income within the third to seventh

decile of the income distribution; having an income in the eighth decile or above, however presenting four or more deprivations<sup>iv</sup>. The participants of qualitative in-depth interviews were identified by the means of a random walk in Chile and Costa Rica and by telephone screening in Switzerland<sup>v</sup>.

In Switzerland the interviews were carried out in three cities—Lausanne for the French-, and Bern and Zürich for the German-speaking region. We deemed necessary to include several sites into our research because of the federal system of the country entailing considerable variations in public infrastructure and support structures, tax systems etc. In Latin America, one city per country was chosen—Temuco in Chile, and San José in Costa Rica—due to restricted research staff and given that both countries have strongly centralised provision for social welfare.

#### *Presentation of the sub-sample*

To assess whether the concept is applicable for comparative research, we analysed ten Swiss households (five in the French speaking and five in the German speaking part of Switzerland), five Chilean households and five in Costa Rica, selected as 'information rich cases' (Patton 2002) from a total of 74 in Switzerland, 25 in Chile and 20 in Costa Rica. One topic appears as particularly indicative of precarious prosperity: the struggle to make ends meet and being able nonetheless to make choices, i.e. to balance prosperity and precariousness. The households selected for these analyses have different household structures, different levels of education, different attachment to the labour market and vary in size and composition. They were selected to represent diversity for these first insights. In the Latin American countries no household consists of one person only; some consist of extended families. One-person households are found in Switzerland only, yet no extended-family households were interviewed. For reasons of space, the characteristics of the households in the sub-sample are presented in Table 1 and not further commented.

# Table 1 ABOUT HERE: Household characteristics #

### ***Perception of the financial situation and coping with material circumstances***

As a representation of precarious prosperity ('soft criterion'), we consider the households' perception of their financial situation and how they cope with their constrained material circumstances. We find similarities, but also differences within one country and between the three countries.

#### ***Switzerland***

In Switzerland, none of the selected households lives unconcerned with the disposable household income. All have to restrict themselves: *"It is true that every month, I look at the list of all spending, and I am there, well, this I can't take out, that I can't take out, neither this nor that [laughs], it is true that I believe I can't. I don't have the impression that we, we don't go out, we don't go to the cinema, we don't go to the restaurant, we don't ever do anything, I mean, it is simply not possible. The kids, (do things) more easily, but otherwise, no, I don't see where I could save money. Not even on clothes, I think"* (Mother, CH-F8)<sup>vi</sup>.

Approximately half of the households in the three Swiss cities that we have taken into account for this first analysis have a low but steady income; however, one of them has too low an income to allow for the desired living standard (CH-F7). The migrant construction worker (CH-F7) therefore seeks overtime work on Saturdays. However, his type of job depends on the seasons and winter-time is particularly difficult. The family business household also works overtime as a strategy to make ends meet and acquire their minimally desired living standard. After initial difficulties their business (CH-F8) seems to work rather well, yet they are never sure how much income they can count on. The two self-employed persons (CH-G1, CH-G4) also suffer from

financial difficulties regularly. Both have experienced dependency on public support in the past. In one household (CH-F10), the wife generates most of the stable income presently, the husband is seeking a job and they hope their daughter—having recently graduated in the field of nursing—will earn well when she starts working. A former secretary has been unemployed for 14 months (CH-F9). She assesses her situation as not being too bad so far as she had earned a rather good salary and unemployment funds are calculated on the basis of that income. However, she is uncertain about how the situation will develop and therefore restricts her consumption wherever she can: no holidays, no new clothes.

In general, interviewees said they economise above all on daily spending for food and other consumer goods. They do not go out for dinner and cannot afford holiday trips. *“Where do I restrict myself? Well, just looking, ehm, in case of food, simply look for special offers, looking ‘do we need meat today, don’t we need meat?’ Well, these things, or when my daughter wants something, a gadget or something, then say ‘look, at the moment we simply can’t’. And then have a coffee less outside, what you would like to do from time to time” (CH-G4).*—*“I also have much more time [after retirement], I can sew my own things. I can cook myself, I don’t need to eat out” (CH-G2).*

Nevertheless, despite the number of material restrictions, we observe a certain scope of agency in these statements: one person decided that a car is very important for her (even though it is so expensive); another gave up her car for ideological reasons, although she has serious health problems. Instead, she buys biological products for her meals. Households where people work full-time but still cannot generate sufficient income form part of the “working poor”, one of the areas that triggered our research interest in precarious prosperity.

In Lausanne, we encounter other ways of perceiving and managing limited income. A divorced mother with two adult children considers herself as being positioned very

well off (CH-F6). She declares that *“managing a budget is also a frame of mind”* (*“gérer le budget c’est aussi un état d’esprit”*). She lives well despite her limited budget because she manages it well; she keeps a constant overview over her personal accountancy on the computer. She does not spend more than the necessary, as she thinks that it is not the material aspect of life that makes you happy. This coping strategy redefines what is not within reach as unimportant; this makes life appear subjectively less restricted. In contrast hereto, the family father of the refugees explains that their way of coping is to reduce their needs to the minimum and avoid comparisons with others, as this would make them *“fall into a complex”* (CH-F10).

All interviewees mentioned that they barely manage to make ends meet and therefore cannot save money. *“Well, we have enough, it is not that we can save anything, so, we can afford to go on holidays, not just anywhere, I don’t know, but once in a year to Italy, that is possible. But not that we can put thousands of Francs aside, it is just enough to get by”* (CH-G5).

Several interviewees mention they have had to borrow money or find other ways to avoid falling into debts. In two cases, the visit to the dentist represented a major financial challenge, as dentistry expenses are not covered by common medical insurance systems in Switzerland. In one case, the interviewee decided to sell his car (CH-F7). In the second, the interviewee talked to her boss, who offered to cover a part of the bill; in another occasion, she was able to convince the dentist to accept instalment payments. She preferred these arrangements to asking friends and family for help. This respondent stands in contrast to most of the others, who mobilised personal networks to solve financial problems.

One theme emerging in various cases in Switzerland is that difficult financial situations present a stronger strain for mothers and families, because they are

(financially) responsible for so many persons (including their partners). This contrasts substantially to the world-view of the single man, who even says he does not believe in security thinking. A single woman talked about the difference in coping with financial strains for herself in comparison with families: *“Eh, when I think that there are families, I say, but how does a family manage to live on a salary like mine when unemployed. (...) if I had to live, for example, with two children with the salary I have, I don’t know how I would manage, how people manage. Everything is so expensive, everything is, I mean, I think I am really lucky that I am single and I can do with my money what ever I want to do” (CH-F9).*

To summarise, all Swiss interview partners confirmed they cannot lead an easy life with the income at their disposal. Their strategies to deal with financial shortcomings and, maybe more importantly so, their perception and evaluation thereof, vary considerably. However, they do not perceive themselves as belonging to the poor, and did mention choices they made to handle their situations. Furthermore, with the exception of the single man, the respondents were unsure of the future and its development.

### *Chile*

The majority of households in the Chilean sub-sample cannot rely on a stable income. One wife (CL-1) describes her living standard as very uncertain. The perceived insecurity of income is because she works together with her husband as a small family enterprise offering services with their truck to forest enterprises. They are dependent on the same source of income, on the seasons and climatic conditions, and presently they even work for one single enterprise: *“In this case, we are currently working for the enterprise F. L., and they have a short period of activity. Because of the climate around here, they start more or less between October and November, until April or May. Depending on how the climate varies (...). Then there is no more*

*work. The truck we have is a truck called Urae, a six/six that has... So it is not a road truck, it is a truck for short distances so it can only offer that sort of service, we can't use it on the motorway to transport any kind of things, say any sort of product from here to the northern zone of the country because is made for a few kilometres only and it also needs a lot of gasoline" (CL-1).*

Although this looks like an extremely insecure source of income, the major worries of other interviewees in Chile were also instable working conditions (of both the parents and their working children alike). This is the case of the independent electrician who says his work depends on many things: for example continuous technological change or free market agreements that render electric products cheaper. Formerly, he had worked as an employee at Philips that seems to have been a more stable position (CL-3). An older woman felt very insecure about her present job situation due to her age: she perceived employers to discriminate against older women when they apply for jobs (CL-2). Even in the household that counts on a relatively stable income and thus feels rather satisfied with their current situation, singular events like the upcoming income tax declaration and eventual back duty or necessity of medical care represent a challenge to the budget that suffices to cover regular expenses only. All selected households in Chile perceived their financial situation as restricting daily life: paying for food, rent, transport and basic services (such as education) is possible, but nothing in addition to that. None of the households mentioned leisure activities—cinema, for example. However, one respondent mentioned parties at home, so social participation is not impossible. The Chilean households mentioned costs for basic services such as water and electricity repeatedly, in contrast to the Swiss sample. Even if these costs were subsumed in the expression “paying bills” in Switzerland, evidently respondents in Chile felt that the pricing of these basic services to be abusive (CL-5).

Another important regular expense and topic in Chile is paying back debts. One respondent says their household income is divided fifty–fifty on current expenses and debt reimbursement, not leaving any possibility for mid to long-term plans (savings or investments). Another household (CL-1) states its income is clearly insufficient to cover necessary expenses. Credit cards or buying products by means of instalment payments help make ends meet. As this household was never able to pay back the full amount in time, it has accumulated so much debt that there is almost no perspective to pay them back in the short or medium term. Neighbours help out from time to time, but they too need to be reimbursed some time. Two other households have also run into debts, but manage to control them better. Other ways out of acute lack of resources is to negotiate delayed payments with the owners of grocery stores in the neighbourhood. In sum, none of the interviewed households in Chile can afford to make savings: the complete income is directly spent in order to keep the household going—a feature they share with the Swiss sub-sample. Debts and costs are recurrent issues in the Chilean households.

### *Costa Rica*

Two of the five selected households have a monthly budget that allows them to cover expenses for food, transport, services and paying back of debts, although with certain restrictions and the feeling they have to spend their money very carefully. Two other households are in a more complex situation: one situation may possibly be related to the recent separation of the couple; the other household faces a serious problem of growing debt. Three households thus live with and need to manage debts. Only one of these is able to put some money aside: *“We do spend quite a bit, but I am also a very economical person, whatever I have left I keep in order to, in the future, renovate the house. I think a lot about it, because I first see the future, and then second, I don’t spend money on things I don’t really need”* (CR-3). If they had

somewhat more income, the interviewees would spend it on improving their housing. Only in one case did the interviewee mention that if money remained after investing in their house, they would leave on holidays.

In sum: house ownership is relevant in the Latin American context. Housing is an important asset for social security, and all considered households in Chile and Costa Rica were home owners. This contrasts to the Swiss case, where all respondents were tenants and house ownership does not have this function. In Chile, the respondents have all been able to save during at least two years to buy the house they live in now, as the state subsidised housing only if a private counterpart was delivered. The interviews show that not one of them was able to save money recently. The sub-sample interviews in all three countries present a rather constrained financial situation. Nonetheless, priorities were made as regarding what was considered important, although the scope of agency was rather limited. The priorities varied between Switzerland and the two Latin American countries regarding investing in housing and paying back debts. Many interviewees mention that they have lived through worse and some through better times. In sum, balancing between prosperity and poverty is clearly visible in the group selected by the screening procedure. Further analyses not presented here indicate that the respondents feel they belong to the middle or lower middle classes in all three countries, providing subjective evidence that they do not consider their constraints to parallel those of the population in poverty.

## **5 Conclusion**

In this first analysis of a subsample of qualitative material, we find astonishing similarities in the three countries: Almost all households mention they live with constant material restrictions, suggesting we reached a similar population with our sampling design. This generalising statement is not meant to homogenise obvious

differences in living standards that differentiate the two Latin American countries from Switzerland. As for the fourth case, Spain, at this stage of the research process we can merely formulate some broad assumptions concerning expected results. The four countries were selected as representative of different types of welfare regimes—a rather universal welfare state in Switzerland; whereas Chile and Costa Rica have well-developed welfare structures in comparison with other Latin American countries, but family ties remain important resources to ensure well-being. In Spain the welfare state is rather recent and family structures are still important, for example with regard to old age or single parenthood. In this respect, we expect the empirical results for Spain to fit somewhere in between the Swiss and the Latin American experiences.

The experience of daily material constraints (yet being able to set certain priorities) is interpreted as typical for households living in precarious prosperity and conforms to Hübinger's (1996) empirical results. The presented interviews clearly reveal the 'fragile' security of the households of this 'in-between' group: one incident is sufficient to render income insufficient. The respondents fear material deterioration in the future. As we have argued, this permanent insecurity is characteristic for households living in precarious prosperity. We also find differences between the countries, in particular regarding their priorities of investment: housing in Chile and Costa Rica, debt management (due to credit cards) in Chile, other types of debt management in Switzerland. Subjectively reinterpreting one's situation was found as a strategy to diminish subjective feelings of constraints.

Even if these first insights from the information-rich sub-sample seem to provide the assumed elements of the concept of precarious prosperity, more systematic in-depth analyses with a wider range of households and topics are still necessary, in order to better understand the variations between households. Whether these observations of permanent insecurity hold true for a wider segment of society, possibly including

larger parts of the middle classes, and whether permanent insecurity is really a unique and exclusive characteristic of households of precarious prosperity or a more widespread feature, remains an open question.

These insights clearly point towards the relevance of this structural position addressed by the concept 'precarious prosperity'. The citations of the interviewees living in households characterised by precarious prosperity illustrate their daily struggle to maintain their social position and not move into poverty; they fill the abstract concept outlined in the first part of the paper with meaning and relevance and reflect the lived experience of the respondents. It appears to be possible to target this intermediate position empirically. We hope this paper lays a conceptual basis facilitating future empirical research on this dynamic in-between segment of society. More precise knowledge on opportunities and constraints in these less secure structural positions of non-poverty are relevant for social policy in order to reduce or avoid downward mobility into poverty and to stabilise or improve the present condition.

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**Table 1: Household characteristics**

Household-number	Household composition	Age	Educational level <sup>1</sup>	Profession and particularities <sup>2</sup>	Social position, scale 0-10 <sup>3</sup>
<b>Switzerland (German-speaking cities)</b>					
CH-G1	Single	1960	4	<b>Man:</b> ‚Freelancer‘, advertising; firm went bankrupt two years ago and he ran into debts.	3-4
CH-G2	divorced, was a single mother, two adult children	1943	4	<b>Woman:</b> retired, before: librarian at the university	4 now; when she was working: 5
CH-G3	divorced, two adult sons	1955	4	<b>Woman:</b> Kiosk vendor, payed hourly	5
CH-G4	married, one daughter (10), was a single mother for a long time before marriage	1959	Husband: 1 Wife: 4	Husband (migrant): jobless <b>Wife:</b> self-employed as a podiatrist	3, 4
CH-G5	married, three children (school-age)	1966	Husband: 4 Wife: 4	<b>Wife:</b> nurse (80%) at municipal hospital Husband (migrant): helper at a swimming pool	6
<b>Switzerland (French-speaking city)</b>					
CH-F6	Divorced, two adult children, was a single mother	1947	1	<b>Woman:</b> Nursing assistant (aide-infirmière) Further courses in reflexology, naturo-pathy, ‚basic belief engineering‘ (‘ingénierie des croyances de base’) and hypnotherapy	10; Would have said 0 a few years ago -
CH-F7	Immigrant worker from southern Europe and Latin American partner without legal residence status. He financially support daughter from first marriage	1963	All: 3	<b>Male Partner:</b> construction worker (hygiène civile) Female Partner: cleaner	2
CH-F8	Family with four children, aged 22, 15, 14 and 10	1964	All: 1	Family business: Construction company, ( <b>wife:</b> secretary in the family business)	6
CH-F9	Single	1949	4	<b>Woman:</b> Accountant secretary, currently unemployed	5
CH-F10	Family with two children, the grown-up son has left the home, refugees from Ethiopia	1963 1967 1985	Husband: 6 Wife: 2 Daughter: 4	<b>Husband:</b> currently unemployed; was journalist in Ethiopia, formerly work in hotel and industry in Switzerland. Wife: Cleaner and bar keeper in a hotel Daughter: Nurse, just graduated	4

**Table 1 cont.: Household characteristics**

Household-number	Household composition	Age	Education level	Profession and particularities	Social position, scale 0-10
<b>Chile</b>					
CL1	Family with two children	1956	Husband: 4 Wife:5 Son: 3 Daughter 1	<b>Wife:</b> housework and administration of the micro-enterprise Husband: microenterprise as a truck driver	5
CL2	Three adults and three children from three generations: the respondent is a woman widow living with her son and daughter; her daughter is a lone mother with her three children	1948	Widow:6 Daughter:5 Son: 3	<b>Widow:</b> Employed in public service Daughter: vendor, Son: taxi driver; Children go to school	5
CL3	Three adults, husband, wife and their daughter	1955	Husband: 5 Wife:5 Daughter:6	<b>Husband:</b> Micro-enterprise (technical service in electronics)	4
CL4	Family with two children	1970	Husband: 4 Wife:5	<b>Wife:</b> housework, husband: shop vendor, on week-ends does metal-work for additional income	2-3
CL5	Family with two daughters	1980	Husband: 6 Wife:5	Husband: Environmental engineer works independently. Couple plans to open up a shop to sell gastronomic products; <b>Wife:</b> secretary	4
<b>Costa Rica</b>					
CR1	Couple with two adult sons, one married daughter with her husband and their little son	1972	All: 1 daughter's husband 2	Husband: Microbus driver <b>Wife:</b> domestic service Son: employee in a winery and employee of a furniture store Daughter: at home; Daughter's husband: construction worker	4
CR2	Father and son, the mother with two younger children recently left home; suffering strongly from separation	1970	All: 1	<b>Father:</b> saw mill worker in the company of a brother, repairs houses on an irregular basis; Son at school	Below 0
CR3	Family with two children and the brother of the wife	1963	Husband:3 All:1	<b>Husband:</b> formal employee in security agency; Mother housewife and in the afternoons in her own mini-market; Wife's brother: painter on an irregular basis First child is a student; Second child is unemployed	5
CR4	Family with two daughters, one of them studies at university and works to finance her studies	1968	Husband:3 Wife:3 Daughter:6 Daughter:2	Husband: independent Carpenter with one furniture store as main client. <b>Wife:</b> at home daughter: half-time shop vendor in order to finance her studies	6
CR5	Married couple with one child	1946	All: 1	Husband and <b>Wife</b> work as traders with a formal contract Daughter is physically disabled	6

<sup>2</sup> Adapted from Unesco ISCED-levels: 1= Primary education, 2= Secondary education not completed (1-8 years), 3= Secondary education (compulsory schooling, 9 years), 4= professional formation (10-13 years), 5= Highschool (12-13 years, CH: Matura), 6= University degree and above. See UNESCO-UIS 2006 ([www.uis.unesco.org](http://www.uis.unesco.org), March 2008)

<sup>3</sup> Bold represents the interview partner

<sup>4</sup> Social positioning: "Have a look at this scale from 0 to 10. Imagine it represents the distribution of the people in society where 0 are those in society who have nothing and 10 are those who are very, very rich

**Figure 1: Separations of society through dichotomous concepts of social inequality**

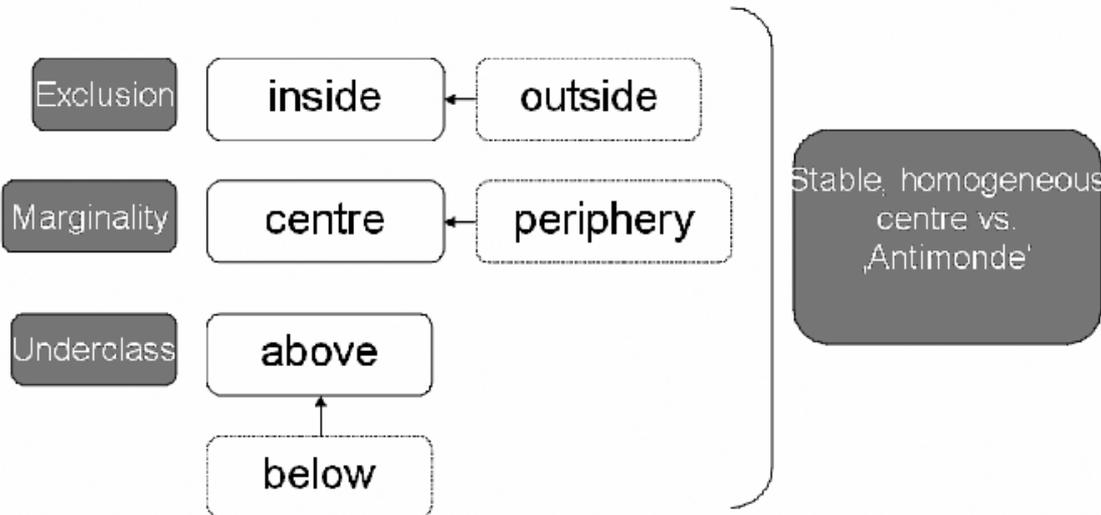
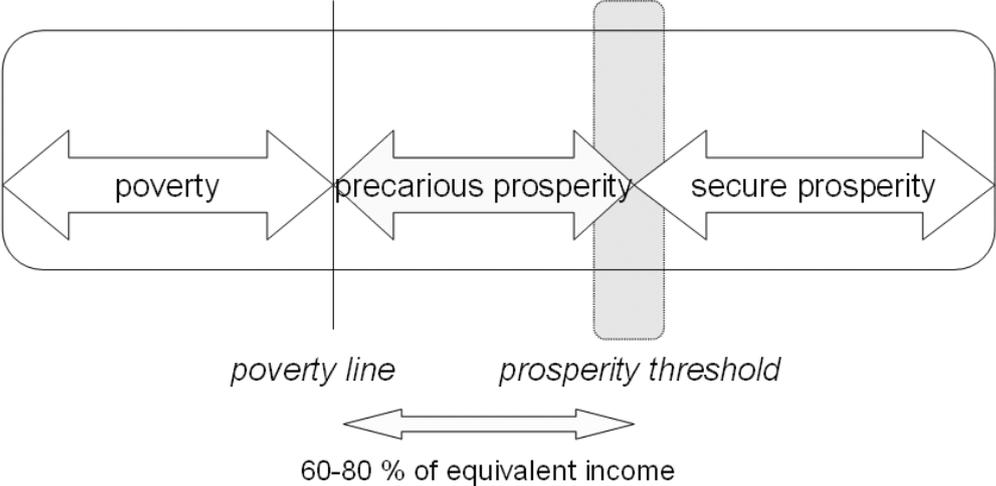
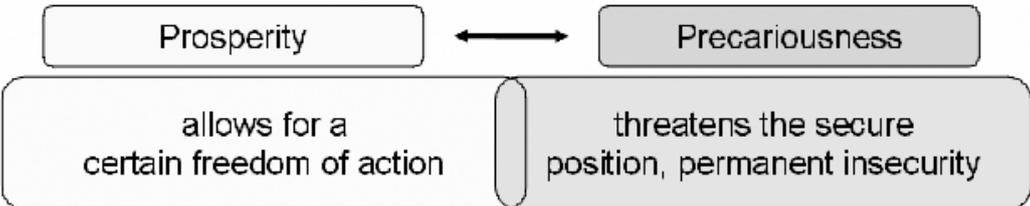


Figure 2: Precarious prosperity according to Hübinger (1996)

Precarious prosperity according to Hübinger (1996)



**Figure 3: Precarious prosperity—a paradoxical term**



## Endnotes:

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<sup>i</sup> A differentiated judgment acknowledges the more original contribution of social exclusion-research that shifts attention towards social processes and institutional mechanisms of social exclusion at micro, meso and macro-levels (Alcock 2006:114-127).

<sup>ii</sup> Further elements for the definition are derived from Goldthorpe et al. (1971).

<sup>iii</sup> For reasons of simplicity, we refer to the countries, however we mean „the selected households” in the respective country; these are not representative for the country given the qualitative design of the research.

<sup>iv</sup> Deprivations, as applied in our research, are based on the items of the Euromodule. They were operationally defined as follows: Items were included if 50% of the population was able to afford a given good, activity or service. A household is considered deprived of an item, if it cannot afford it due to financial reasons. We discussed the deprivation items and the different standards of living at the workshops with our partner universities. At that point, we were not aware of existing data to check the Euromodule items for the two Latin American countries. The four teams concluded to address the problem of different standards of living by adjusting the number of deprivations to the lower living standard of these two countries. Thus the deprivation threshold was set at four and more deprivations for the Latin American countries and 2 and more for the European. Meanwhile, we have gained access to valuable statistical data indicating that some items would not belong to the item list we applied in Chile and Costa Rica due to distribution levels below 50% (, e.g. computer, car or internet access, <http://data.un.org/>, 15.4.09). This information will allow us to revise the screening questionnaire where necessary and we will control the selected during the second wave when interviewing the same households.

<sup>v</sup> More detailed insights and results of the screening procedure may be obtained from the authors (Budowski et al. 2008)

<sup>vi</sup> Translations by the authors, original versions available upon request.