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ECONOMIC INEQUALITY AND EQUALITY OF OPPORTUNITY IN POLAND



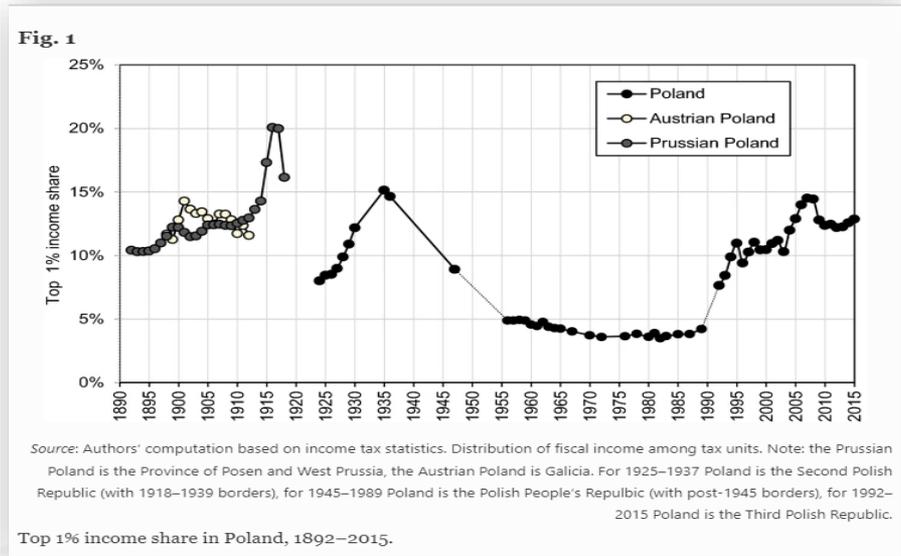
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Long-run income inequality in Poland

Short history of income inequality in Poland:

- high before WW I
- declined after WW I and increased in the interwar period
- decline after WW II and transition to socialism
- rapid increase after economic transition in 1989



Wealth inequality

- Wealth inequality metrics calculated based on survey data are severely underestimated in CEE.
- This underestimation is bigger than in Western Europe.
- In 2014, wealth inequality in CEE was similar to Western Europe.

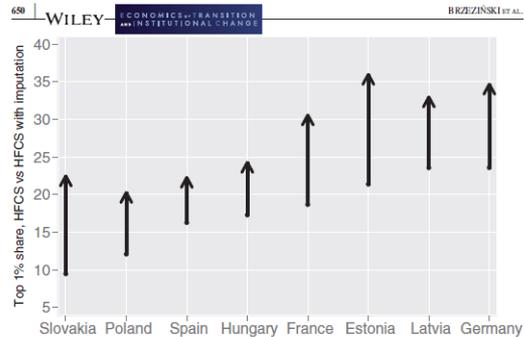


FIGURE 2 Increase in the top 1% share of household net wealth distribution due to imputation of the missing rich: CEE countries versus France, Germany and Spain.

TABLE 3 Inequality measures for household net wealth distributions in CEE countries

	Estonia		Hungary		Latvia		Poland		Slovakia	
	HFCS	HFCS + rich list	HFCS	HFCS + rich list	HFCS	HFCS + rich list	HFCS	HFCS + rich list	HFCS	HFCS + rich list
Top 0.1%	9.0	17.7	5.4	10.8	5.6	16.5	2.9	8.3	3.3	11.1
Top 1%	21.4	36.0	17.3	24.3	23.6	33.0	12.1	20.3	9.5	22.5
Top 5%	43.3	54.8	35.7	42.8	49.2	52.6	29.1	37.9	23	38.3
Top 10%	55.7	65.1	48.5	54.5	63.4	64	41.9	49.6	34.6	48.4
Gini	0.691	0.755	0.641	0.681	0.785	0.792	0.587	0.639	0.492	0.597
Theil	1.093	1.724	0.793	1.164	1.141	1.597	0.613	0.973	0.448	1.066
GE(2)	6.823	43.09	2.853	64.309	4.715	135.639	1.365	77.015	1.552	99.772

Note: 'HFCS + rich list' denotes HFCS data with top values imputed using data from the relevant rich list. The robustness checks for selected inequality measures are presented in Appendix Table A2.

Abbreviations: CEE, Central and Eastern Europe; HFCS, Household Finance and Consumption Survey.

Source: Authors' own calculations using data from the HFCS, Ārīpaev (2013), Napi.hu (2014), Kapitals (2014), Forbes Polska (2014) and Forbes Slovensko (2015).

TABLE 4 Changes in household net wealth inequality measures due to imputing top wealth values in household survey data, various countries

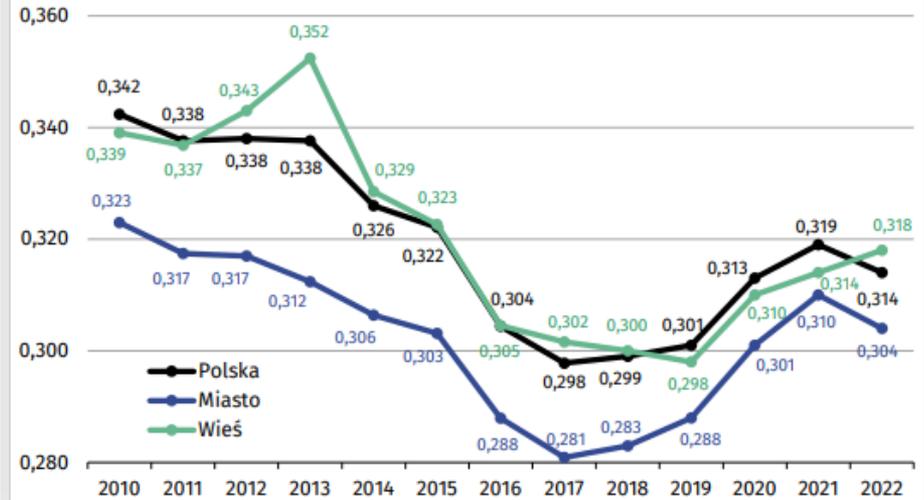
Country	Change in top 1% share due to imputing top wealth values (percentage points)	Change in top 5% share due to imputing top wealth values (percentage points)	Change in Gini index due to imputing top wealth values
Estonia (2013)	+14.6	+11.5	+0.064
Hungary (2014)	+7.0	+7.0	+0.040
Latvia (2014)	+9.4	+3.4	+0.007
Poland (2014)	+8.2	+8.8	+0.053
Slovakia (2014)	+13.0	+15.3	+0.105
Germany (2014)	+11.1	+8.3	+0.039
France (2014/2015)	+11.9	+11.8	+0.063
Spain (2011/2012)	+6.0	+6.2	+0.038
US (2010)	-3 to +3	-8 to +2	NA
UK (2008/2010)	+1 to +5	+1 to +5	NA

Source: Brzeziński et al. (2020)

Recent dynamics of income inequality in Poland

- Estimates based on survey data show:
- decline in income inequality in the years 2013 – 2019
- increase in the income inequality since 2020.
- Wealth inequality probably increased.

Wykres 5. Zróżnicowanie dochodów mierzone współczynnikiem Giniego dla Polski według miejsca zamieszkania w latach 2010–2022



Economic inequality and public policy

Pros:

COVID income-support schemes, energy subsidies, anti-inflation shields were progressive.

Family 500+ was progressive

Slightly progressive changes in income taxation.

Cons:

Low intergenerational mobility, inheritance tax virtually non-existent

Stagnant level of an extreme poverty

Increasing importance of private education

Accumulation of housing assets by the wealthy (?)

Increasing correlation between income, and wealth



Challenges for the next few years

Economic inequality, and poverty were not important in recent elections

- Difficult situation of public finance increases pressure to remove inflation/energy subsidies. This will hit the poorest the most.
- Rapid increase in the immigration and its impact on economic inequality and equality of opportunity.