

Poverty in Poland in the Late Nineties

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1. Introduction

The transformation of the Polish economy brings about shifts in the distribution of income both across and within different socio-economic groups. Despite the improvement in the income standing of the overall society, these processes are accompanied by deteriorating living conditions in many social groups. It is imperative that social policy projects be undertaken to stem the proliferation of poverty. To do so requires constant monitoring of poverty and the identification of those groups of the population that are highly exposed to poverty. The fundamental objective of this research was to analyze the changes in the incidence, depth and the costs of eliminating poverty in Poland from 1996 to 1999 in the main socio-economic groups of households. Furthermore, an analysis of the nature of poverty in Poland was made referring to the traditional concept of current and permanent income while distinguishing between transitory and chronic poverty.

2. Methods and Data Base

In the analysis of poverty the assumption was made that the measure of a household's material standing is its current disposable income divided by the equivalence scale calculated for it. The income estimated according to these premises is called the disposable equivalent income. Equivalence scales are parameters that ensure the comparability of income among households with different demographic attributes (Szulc, 1992). A household is considered poor if its disposable equivalent income is lower than a certain critical level known as the poverty line below which it is impossible to satisfy a certain minimum of needs.

Two complementary approaches were applied in analyzing the changes in the poverty: the objective and the subjective approaches (Panek, 1998). In the objective approach the poverty line was accepted to be the adjusted social minimum for a single person employee household as calculated by the Institute of Labor and Social Affairs. The poverty line in the other types of households was calculated as the product of the adjusted social minimum and the corresponding equivalence scale. The subjective poverty line method was used to demarcate the poverty line according to the subjective approach (Goedhart, Halberstadt, Kapteyn and Van Praag, 1997). The grounds for estimating the poverty line for households of varying size was the regression function describing the dependency of the lowest income indicated by these households as necessary to make ends meet upon the size of these households and their current income.

In analyzing poverty aggregate indices of poverty were employed. The first index, which evaluates the poverty incidence is head count ratio, in other words the percentage of households below the poverty line. The second measure of poverty, which evaluates the relative depth of poverty is the income gap expressed as a percentage of the poverty line, in other words the average

relative distance of welfare of impoverished households to the poverty line. The last index analyzes the capability of eliminating poverty by making transfers of additional cash funds. An evaluation was made on whether poverty in Poland is chronic or transitory by observing the length of time that individual households remain in poverty.

The grounds of these analyses are the data from the household budget survey performed by the Polish Statistical Office from 1996 to 1999. The panel approach was applied in this research whereby a constant part of the sample was used to observe households in every year of the research.

3. Selected Results

Analysis of the changes in the percentage of impoverished households in the period under examination according to the objective approach points to a clearly downward trend in the poverty incidence (table 1). In turn, according to the subjective approach we are observing an upwards trend in this same phenomenon after the decline witnessed in the poverty incidence in 1997. At the same time the poverty incidence according to the subjective approach has been considerably higher for the entire period under examination than according to the objective approach. This indicates that household have considerably greater aspirations with respect to their income standing than the social minimum standards established by the experts.

Table. 1. Changes in the Incidence and Depth of Poverty in Poland from 1996 to 1999.

Years	Head Count Ratio		Income Gap	
	Objective Approach	Subjective Approach	Objective Approach	Subjective Approach
1996	25.6	37.8	28.8	28.0
1997	20.5	34.9	27.3	27.7
1998	17.8	35.5	26.4	26.7
1999	16.4	40.3	28.1	28.7

The poverty depth from 1996 to 1998 featured a downwards trend according to both approaches. The growth in the poverty depth in the last year under examination should be acknowledged as a disquieting phenomenon. Poverty in Poland is basically not chronic in nature for now. Only 6.3% of the households according to the objective approach and 18.9% according to the subjective approach were afflicted by poverty for the entire period under examination.

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RÉSUMÉ

L'objectif primordial de la recherche présentée était l'analyse des changements d'étendue, de profondeur et de coûts de l'élimination de la pauvreté en Pologne dans les années 1996 – 1999. On a en plus procédé à l'appréciation du caractère de la pauvreté en Pologne distinguant deux types de celle – ci : temporaire et durable. Les résultats des recherches faites auprès des ménages par l'Office Central des Statistiques constituent la base des analyses effectuées.