

INEQUALITIES IN POLAND

RAISING INCOMES THROUGH SOCIAL PROTECTION AND DECENT WORK KEY TO REDUCING INEQUALITIES

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Income

Poland has experienced unprecedented economic growth in the three decades since the collapse of the Soviet bloc. From 1991 to 2016, GDP grew by 170%, the highest growth rate among all post-socialist countries, and is now starting to converge with the Western European countries. Poverty and labour market indicators have improved significantly – especially after accession to the EU in 2004. Today's unemployment rate is significantly lower (4%) than the EU average of 8% and the employment rate (71%) is almost equal to the EU average (72%).

After the difficult years immediately after 1989, real wages started to grow in 1996. Productivity grew much faster, however,¹ and consequently the share of wages in GDP fell from 62.8% in 1992 to 48.5% in 2006 and has remained stable since then (47.5% in 2016). In nominal terms, the average hourly wage rate in Poland was €5.66 in 2014 as compared to the EU average of €15.23.

Poverty

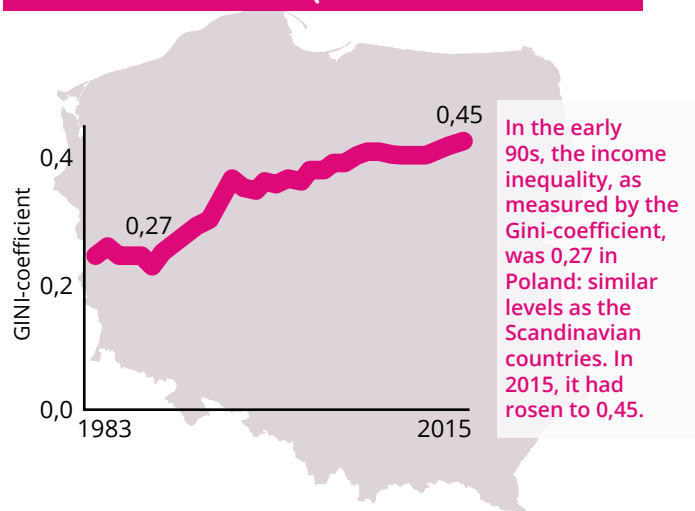
Poland's relative poverty rate peaked in 2003 at 20% of the total population. By 2017 it had dropped to 13.4%, while extreme poverty fell from a peak of 12.3% in 2005 to 4.3% in 2017 – a reduction in real terms of 4.2 million people. Not everyone has benefited to the same extent, however. In 2016 19.5% of the population (7.3 million people) were still living in poverty.² Transition to a market economy has also resulted in higher inequality, which increased from a Gini coefficient 0.27 in 1990 (equivalent to income inequality in Scandinavia) to 0.4 in 1995 and 0.45 in 2015, above the EU average.

Income poverty is the most significant component of inequality. Families with children aged 0-17 are at the highest risk of extreme poverty: 5.9% of this group, as against the average of 4.9% for all Polish families, were living in extreme poverty in 2016. Thresholds for social assistance were raised between 2012 and 2018 in response to pressure from the European Commission. The introduction in 2016 of the Family 500+ programme, a generous child benefit which is not means tested, has further reduced extreme poverty.³

Employment

Poland's employment rate for the 20-64 age group is 71%. Some groups, however, fall far below this average: labour force participation rates for persons

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with disabilities are 21%; young people, 28.4% (20-24 years old); people aged 55-64, 44.3%; and women 62.2%. The in-work poverty rate is 10.9% for workers and employees aged 18-64 (2016). 26% of employees have temporary contracts under which they have no rights to holidays or statutory notice periods and make no or only partial social contributions. In the last two years, however, the government has raised minimum standards of remuneration and the minimum wage, bringing it to roughly 48% of the average wage, thus making a significant contribution to reducing in-work poverty.

Retirement and Pensions

Today income poverty among older persons is relatively low, amounting to 3.9% of pensioner households, equal to that of employee households. However, in October 2017 the retirement age was reduced by the current government to 65 years for men and 60 for women from 67 for both sexes. In years to come, if a woman chooses to retire at or near the age of 60, she will lose a significant part of her retirement income. Depending on the degree of indexation, her pension income is likely to fall below the poverty threshold.

Energy poverty

Energy poverty, a relatively new phenomenon, affects about 6.44 million people (17% of Poles).⁴ It also has a gender dimension since there are more energy-poor women than men.⁵ The government has introduced an energy benefit for vulnerable customers but these benefits reach only 7% of energy poor households.

Migration

In 2016, some 2.5 million Poles, 7% of the population, were living and working abroad, sending home remittances of USD 7.5 billion, 1.7% of GDP.⁶

Domestic labour market participation did not increase to compensate for the vacuum created by their emigration but was filled by an inward flow of migrants, 1.3 million in 2017, 96% of whom are Ukrainian. This indicates a low ability of government to increase labour market participation of certain groups.

Recommendations

- Introducing a more progressive system tax system e.g. by increasing the tax-free allowance.
- Improvement of working conditions, e.g. by combatting bogus self-employment.
- Strengthening demographic policy, e.g. by developing care services for children, for persons with disabilities and for older persons, to free women to take up paid employment.
- Developing regional policy, e.g. by sustaining community public institutions.
- More democracy and social dialogue, e.g. by fortifying collective bargaining.

¹ From 2001 to 2012, productivity increased by an average of 3.3% annually, but real wages only by 0.9%.

² https://ec.europa.eu/eurostat/statistics-explained/index.php/People_at_risk_of_poverty_or_social_exclusion

³ The proportion of households with children living below the statutory poverty line fell from 12.7% in 2016 to 10.7% in 2017.

⁴ Agata Miazga, Dominik Owczarek (2015). Domzimny, Domciemny – Czyli Ubóstwo Energetyczne w Polsce <http://ibs.org.pl/app/uploads/2015/11/Miazga-Owczarek-Dom-zimny-dom-ciemny-czyli-ubo%CC%81stwo-energetyczne-w-Polsce.pdf>

⁵ 3.58 million women as against 3.25 million men. See Owczarek, D. (2016) (Un)equal weight of energy poverty among women and men in Poland, ClientEarth, Warsaw, nline publication. <https://www.documents.clientearth.org/library/download-info/nierowny-ciezar-ubostwa-energetycznego-wsrod-kobiet-i-mezczyzn-w-polsce/>

⁶ See www.bankier.pl/wiadomosc/Polscy-emigranci-przeslali-nam-1-7-polskiego-PKB-7264780.html.

To read the full national report and the comprehensive Europe-wide report with all references, please visit: www.sdgwatcheurope.org/SDG10



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