

IS HIGH INEQUALITY AN ISSUE IN POLAND?

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Main message

Given its economic development level, Poland is not a country of striking economic inequality. While *income inequality* in Poland is high compared to wealthier EU states, Poland ranks more favourably in that respect than other countries of similar affluence or those undergoing economic transformation. Income inequality has not shown a rising trend in recent years. Its high level is mostly due to considerable *wage dispersion*, in turn caused by the high wage premium for tertiary education and segmentation of the labour market, in particular the substantial proportion of people hired through irregular employment forms. The Polish tax system has a negligible impact on reducing income inequality – this is achieved through social benefits and the minimum wage. However, benefits that constitute an incentive to give up work may in fact exacerbate inequalities. *Wealth inequality* in Poland is low compared to other EU Member States, owing to the fact that income differences have not yet accumulated. Poland is also characterised by moderate inequality of opportunity.

Key facts

- **3.9** times greater – this is the difference between the net income of a high-income family (higher than 90% of families) and a low-income family (lower than 90% of families). This is in line with the EU average.
- **4.7** times greater – this is the difference between the average hourly wage of a high earner (earning more than 90% of workers) and a low earner (earning less than 90% of workers). This figure is greater than in other EU Member States.
- **11%** of income inequality in Poland results from inequality of opportunity, i.e. factors beyond the control of the individual, such as parental education or gender. This figure is greater than in Germany, for example, but much lower than in Bulgaria or Romania.

Economic inequality in Poland in comparison to the EU-27 (2014)

| | Inequality measure | | | |
|------------|--------------------|------------|-------------|------------------|
| | Gross income | Net income | Gross wages | Household wealth |
| Poland | 4.3 | 3.9 | 4.7 | 7.2 |
| EU minimum | 3.3 | 2.9 | 2.1 | 4.3 |
| EU maximum | 6.7 | 5.4 | 4.7 | 53.5 |
| EU average | 4.8 | 3.8 | 3.5 | 16.3 |

Note: The source of data and description of the inequality measurement method are provided in the main text.