



CROSS-NATIONAL
DATA CENTER
in Luxembourg

Spatial inequality: rural vs. urban earnings dynamics

UNECE Expert Meeting on Measuring Poverty and Inequality

Outline

- Aim of the presentation
- Data source
- Country coverage
- Evolution of inequality and poverty (total population, urban vs. rural areas)
- Evolution of earnings (urban vs. rural areas)

Aim of the presentation

The phenomenon of regional disparities is prominent and has been well-captured across different Central and Eastern European countries.

While we are aware of world regions varying in terms of development, we are less informed about regional differences in terms of income inequality and poverty, as well as earnings inequality along the urban-rural dimension and over time.

The focus of this presentation is to look at how labour earnings are associated to urban vs. rural residency, as this could be seen as one of the main drivers of inequality and poverty, and hence affect the income position of specific population subgroups in the final distribution.

Data source and country coverage

Luxembourg Income Study (LIS) Database:

- **Czechia:** 1992 1996 2002 2004 2007 2010 2013 2016
- **Estonia:** 2000 2004 2007 2010
- **Georgia:** 2010 2013 2016
- **Hungary:** 1991 1994 1999 2005 2007 2009 2012 2015
- **Lithuania:** 2009 2010 2011 2012 2013 2014 2015 2016 2017
- **Poland:** 1986 1992 1995 1999 2004 2007 2010 2013 2016
- **Russia:** 2000 2004 2007 2010 2011 2013 2014 2015 2016 2017
- **Serbia:** 2006 2010 2013 2016
- **Slovakia:** 1992 1996 2004 2007 2010 2013



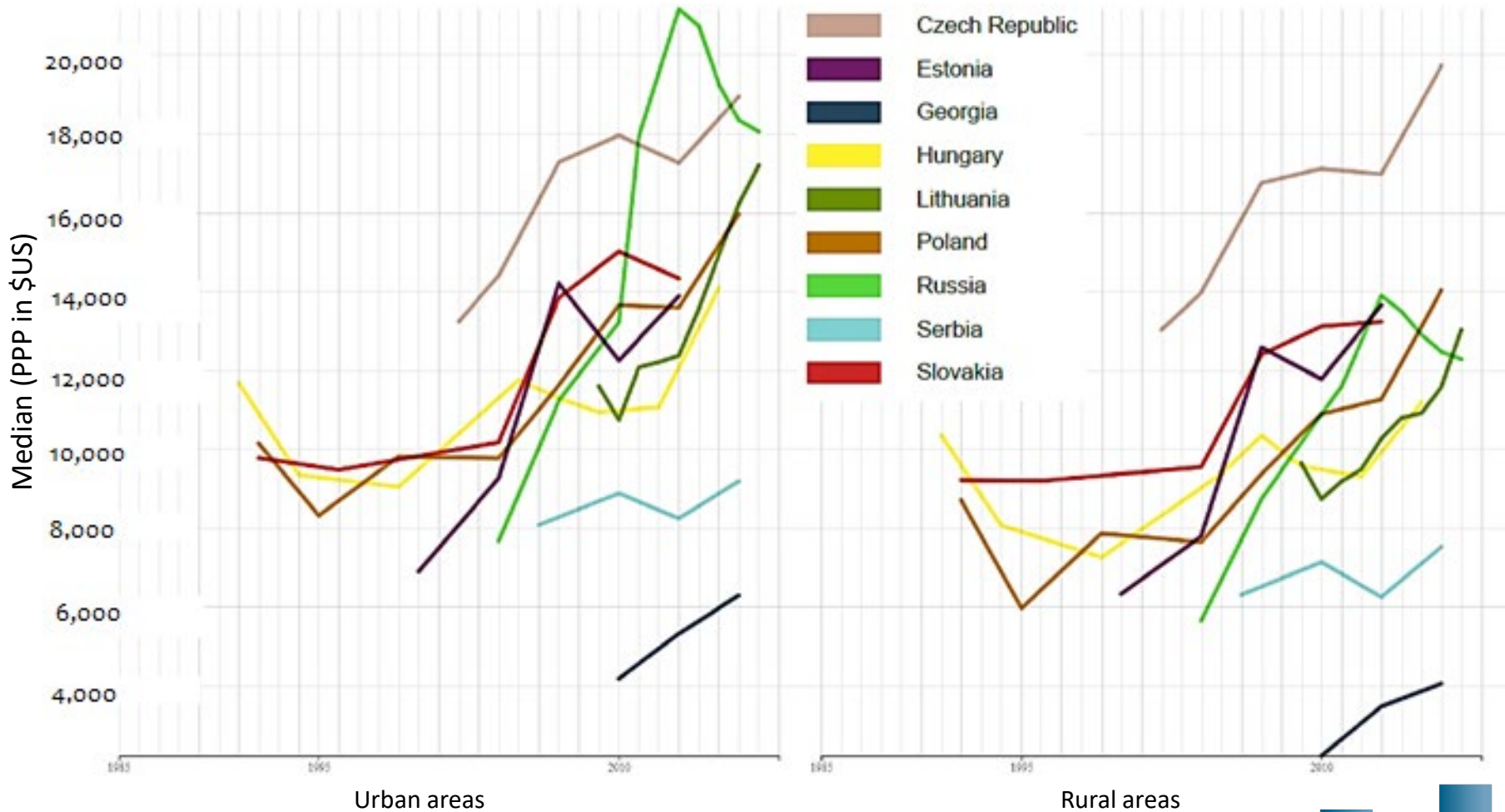
Evolution of inequality and poverty (total population, urban vs. rural areas)

Gini Index of equivalised disposable household income



Source: LIS Data Access Research Tool (DART), <https://dart.lisdatacenter.org/>, November 2020.

Median (PPP in \$US) of equivalised household income Urban vs. rural areas

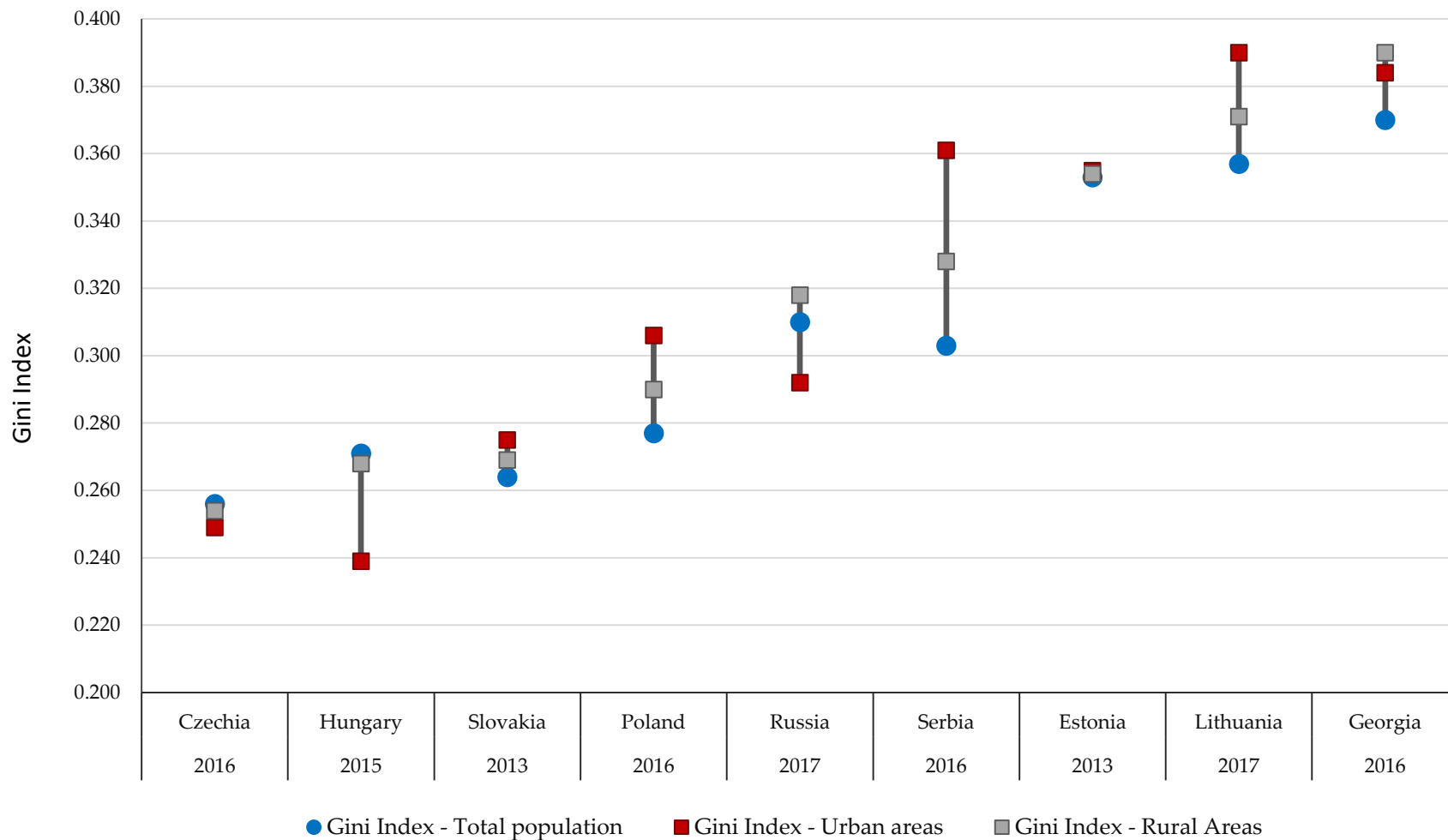


Source: LIS Data Access Research Tool (DART), <https://dart.lisdatacenter.org/>, November 2020.



Gini Index of equivalised disposable household income Urban vs

Urban vs. rural areas

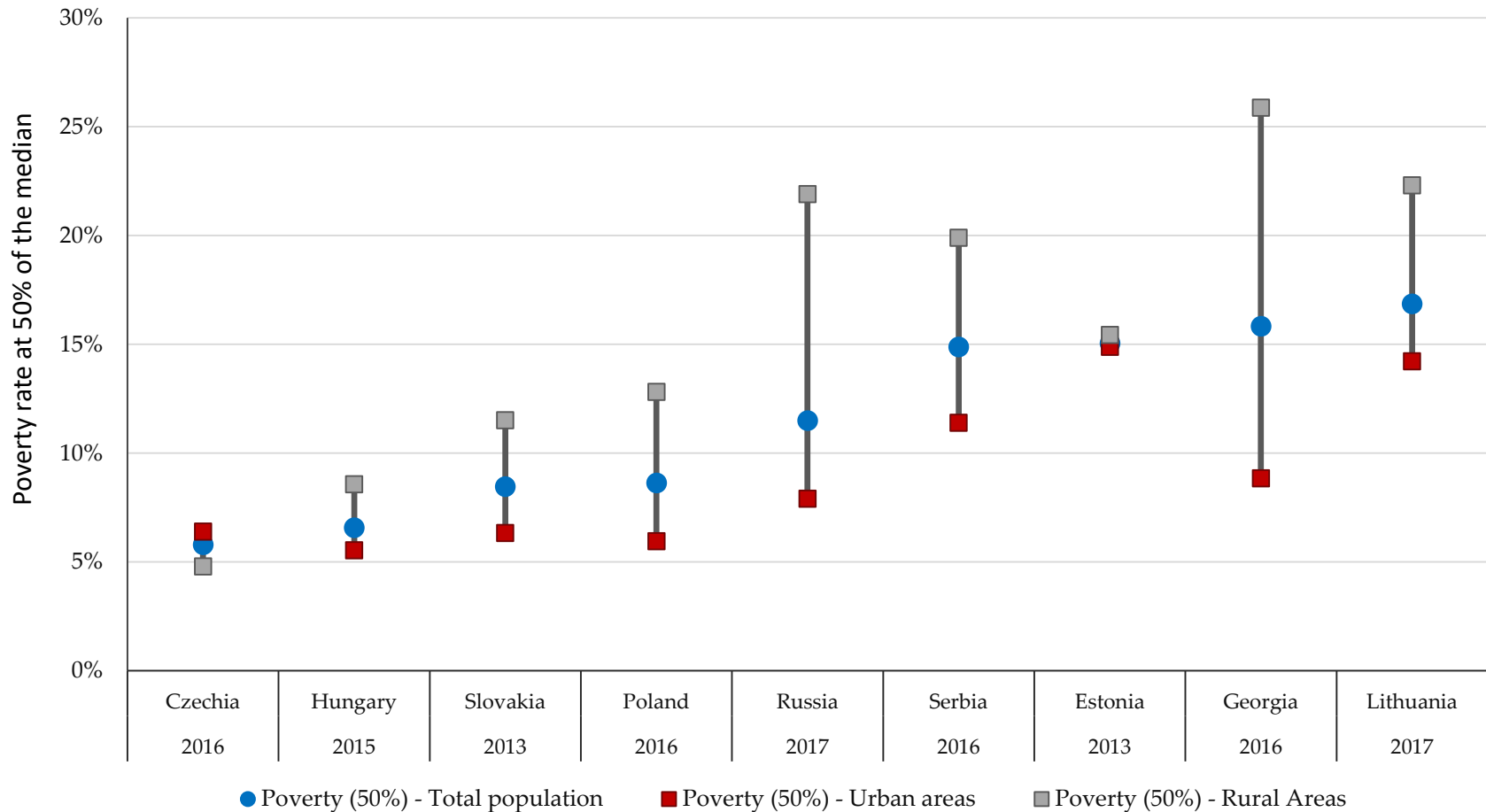


Source: own figure based on LIS Data Access Research Tool (DART), <https://dart.lisdatacenter.org/>, November 2020.



Relative poverty rate at 50 % of the median of equivalised disposable household income

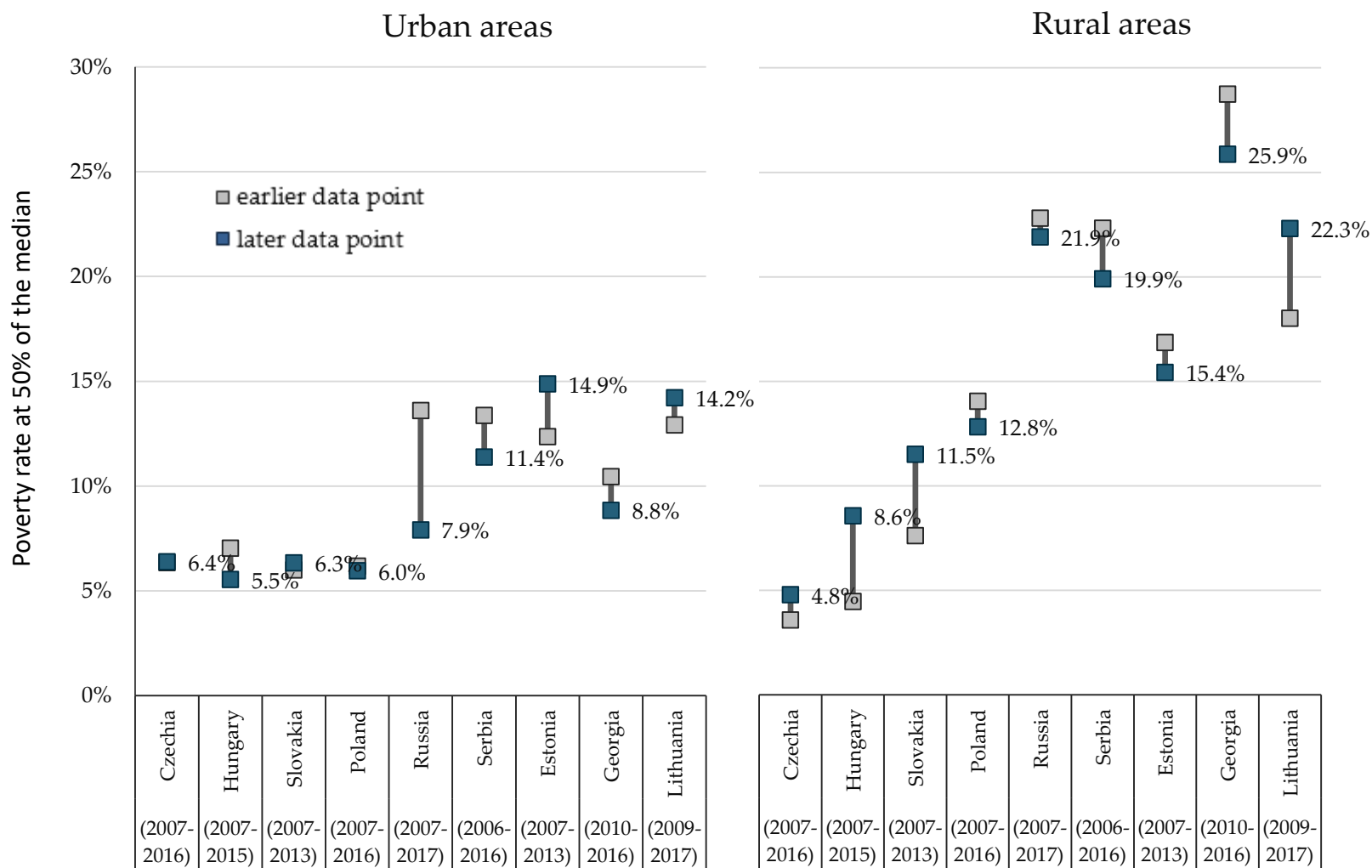
Urban vs. rural areas



Source: own figure based on LIS Data Access Research Tool (DART), <https://dart.lisdatacenter.org/>, November 2020.



Evolution relative poverty rate at 50 % of the median of equivalised disposable household income



Source: own figure based on LIS Data Access Research Tool (DART), <https://dart.lisdatacenter.org/>, November 2020.



Evolution of earnings (urban vs. rural areas)



Methodological remarks

Earnings are defined as monetary payments received by employees from regular and irregular dependent employment during the entire reference year. This includes basic monetary salary income and monetary supplements to the basic wage, such as overtime pay, employer bonuses, 13th month bonus, holiday payment, profit-share, stock options, fringe benefits, commissions, tips.

The variable is measured at individual level and household level.

The amounts refer ideally to gross amounts (before deduction of taxes and social security contributions), in some countries only net amounts are available (for example Georgia, Hungary).

Methodological remarks

- We select full-time full-year workers aged 25-54 ('core' labour force).
- Selecting on full-time working reduces the representativeness of the analysis with respect to young and female groups.
- Selecting on workers aged 25-54 limits the representativeness of the analysis with respect to young and pre-retirement patterns.
- Our results are not affected by the differences in net/ gross incomes, as we compare group means over the country/year within the selected sample.

Figures explained

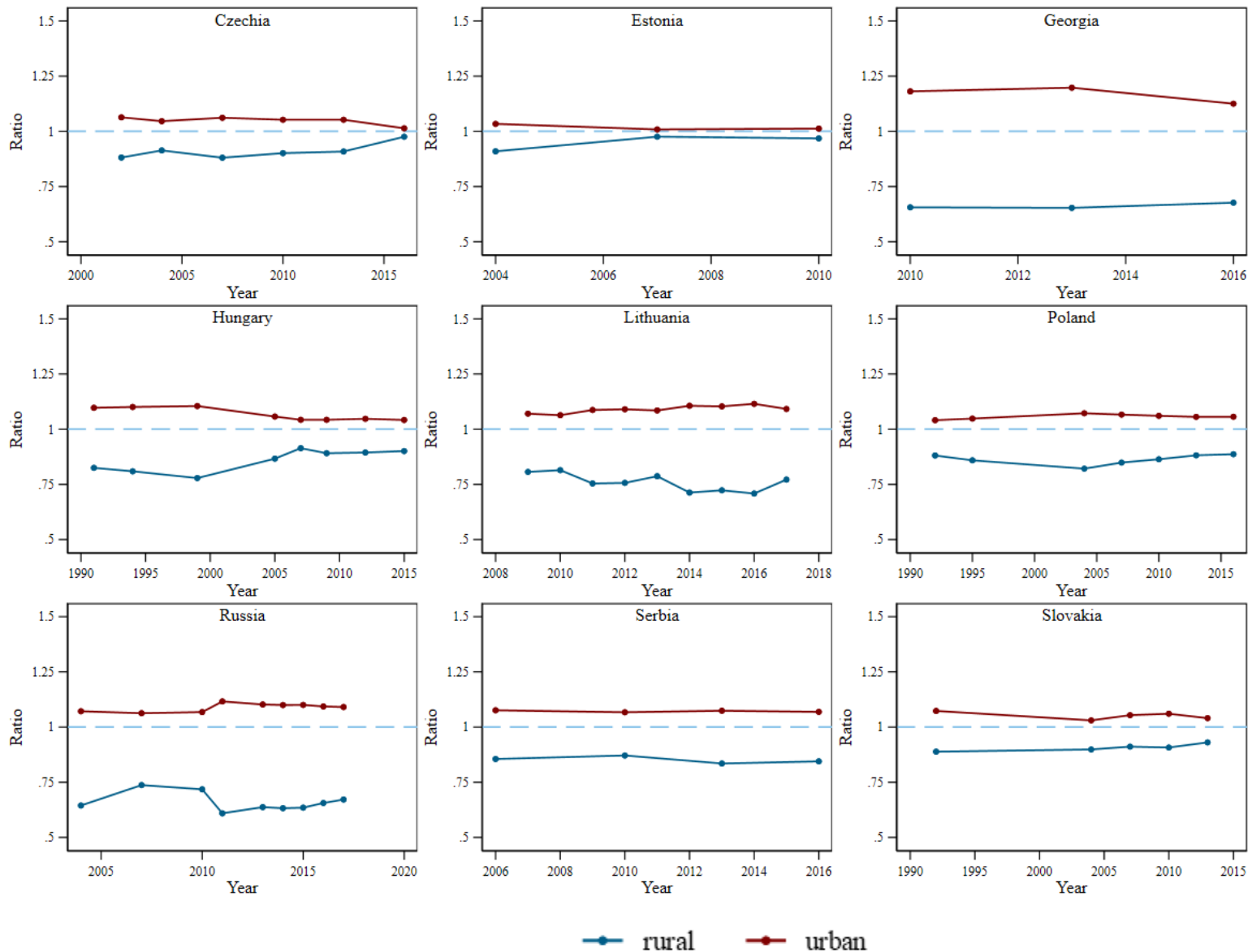
The following figures show the evolution of wages in relative terms with respect to the country average wage by urban vs. rural residency.

The y-axis shows the ratio of the mean wage of each group divided by the average wage of the selected population (denoted by the line at 1) calculated for each year.

The figures refer to full-time/full-year workers aged 25-54, except for datasets where working full year is not available and working currently full-time is used as a proxy.

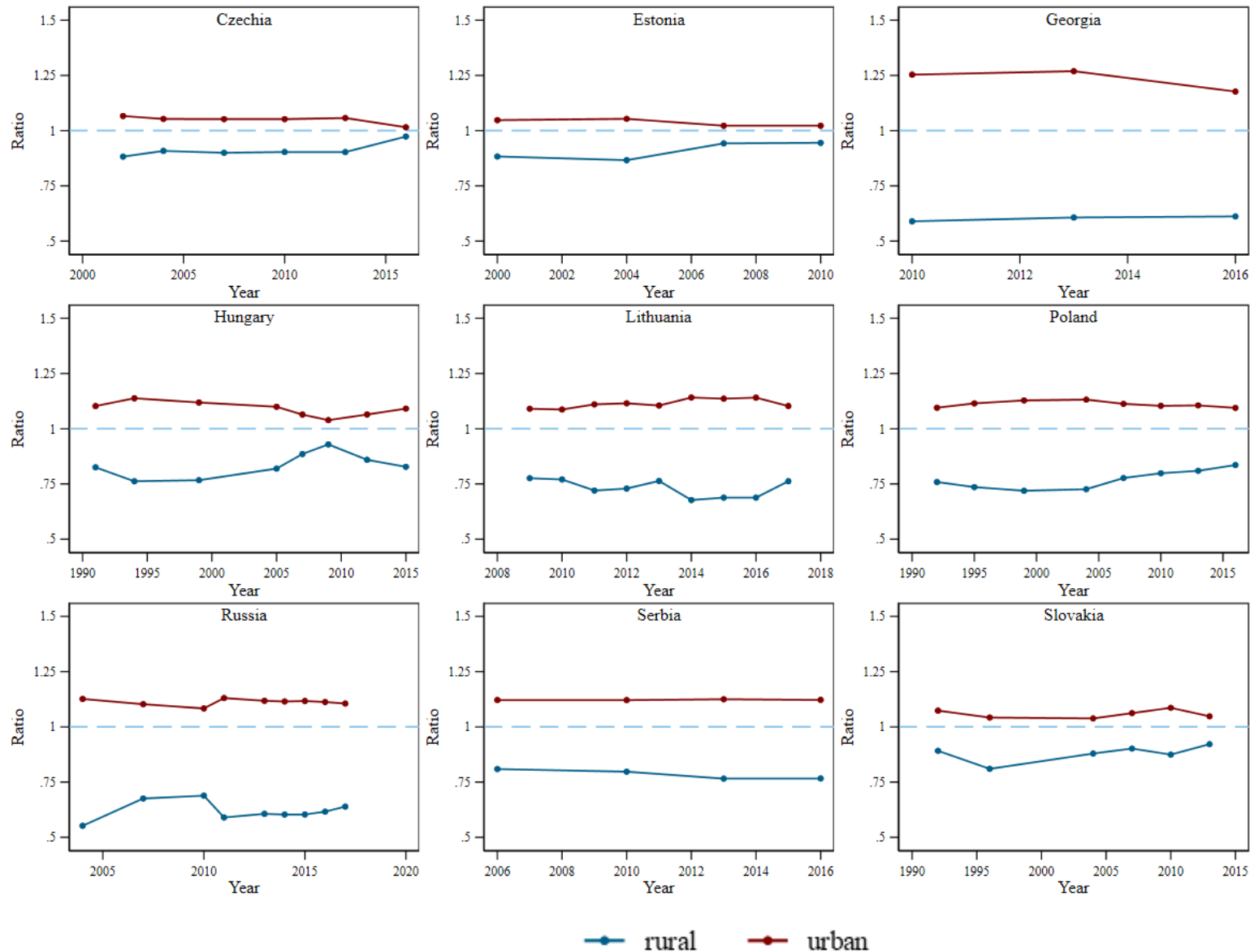
Relative earnings across urban vs. rural areas

Individual level



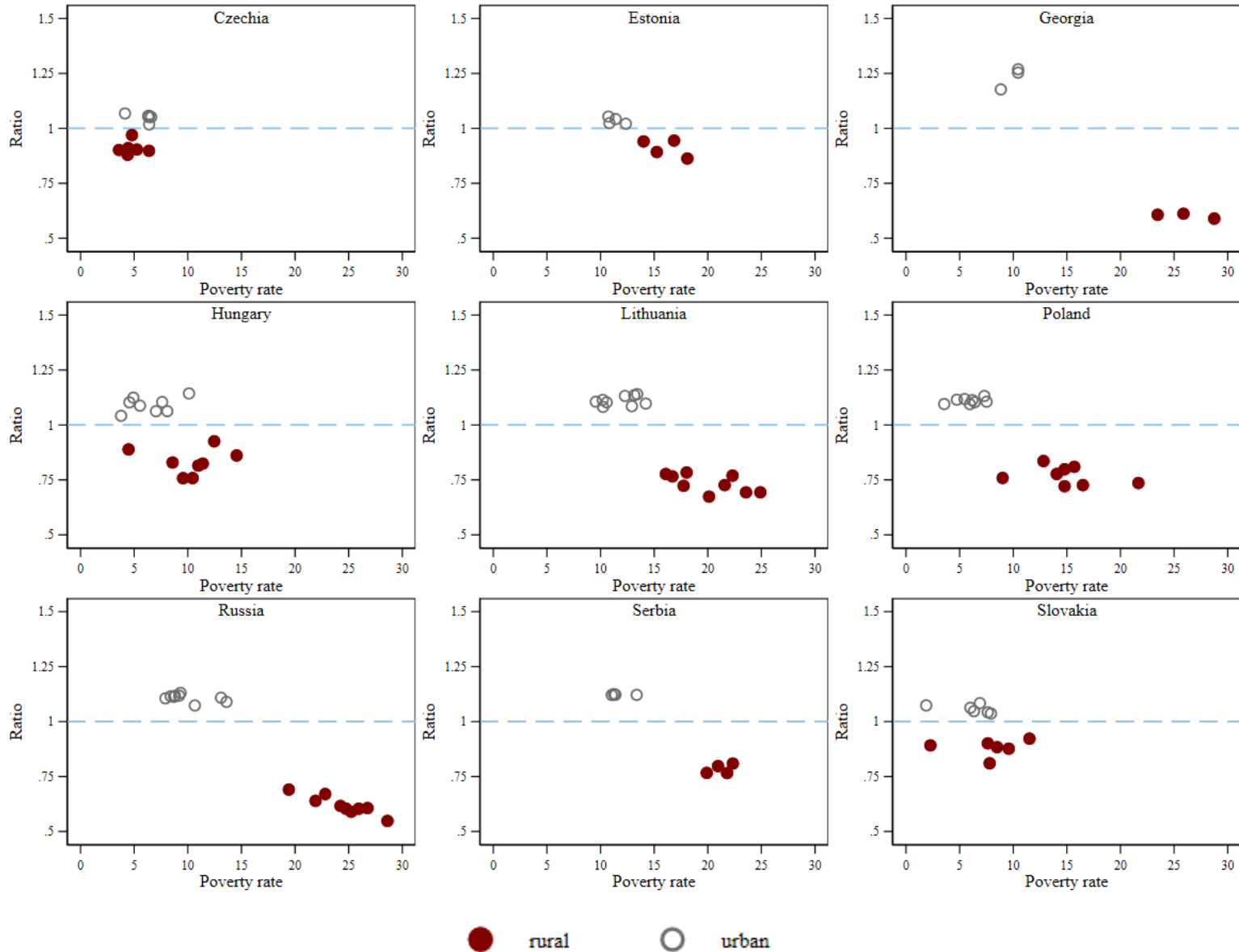
Relative earnings across urban vs. rural areas

Household level



Relative earnings vs. poverty rates

urban vs. rural areas



Conclusion

- Strong variation in relative poverty patterns urban vs. rural areas across countries (strongest in Georgia, Russia, Serbia).
- Diverging poverty trends, particularly increasing relative poverty in Lithuania, Hungary and Slovakia.
- The poverty rates can be well-associated to the discrepancy of wage earnings.

Also ...

- Intra-household pooling of earnings widen the gap between urban and rural areas.
- A comprehensive view on total labour income diminishes the gap between urban and rural areas.

Thank you for your attention
Any questions are welcome !

