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**item 6: Linkages between poverty, inequality and vulnerability**

**Social perception of poverty and income inequalities in Poland  
based on the Social Cohesion Survey 2015**

Prepared by the Central Statistical Office of Poland<sup>1</sup>

In response to the growing demand of data users for the information regarding poverty, CSO of Poland has successively improved and broadened surveys and analyses on this phenomenon. Complementary elements of the classic, one-dimensional measurement of economical poverty (based on both expenditures and income of households) are the cyclic analyses of multidimensional poverty (Table 1.). Moreover, except the so-called objective methods of poverty measurement, CSO additionally adopted a subjective approach. This paper is mainly focused on the presentation of selected results of the analyses regarding social perception of poverty in Poland based on the multidimensional Social Cohesion Survey 2015. Furthermore, the paper contains the information on opinions regarding income inequalities in Poland. The issue of discrepancies in income is one of the crucial aspect of the wide-understood inequalities which occur in societies and it is strongly linked to the phenomenon of poverty. In order to answer the question how is the influence of income situation on the perception of inequalities, all the results has been presented as broken down by income quintile groups<sup>2</sup>. Presented data refers to the population of persons in households aged 16 or more.

**Income inequalities and the scope of poverty based on the objective criterion<sup>3</sup>**

In order to illustrate income inequalities in Poland, two elementary measures based on the EU-SILC survey has been used, i.e. Gini coefficient and the quintile share ratio (so-called S80/S20). The results of the EU-SILC 2014 show that the value of Gini coefficient in Poland was at the level of 30.8 and the value of the income quintile share ratio achieved 4.9<sup>4</sup>. In

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<sup>2</sup> Income quintile groups has been determined by breaking down the population of all the persons in households into five equal parts on the basis of equivalised income. Equivalised income has been determined at the level of household and assigned to all the persons in a given household, thus all the persons being the members of a the given household are assigned to one income quintile group.

<sup>3</sup> Definitions and values of the presented indicators can be seen in the Table 1.)

<sup>4</sup> EU-SILC data on inequalities of income distribution and poverty based on the Eurostat database (available on 27.06.2016).

both cases the values of ratios were very close to the mean values for the European Union countries. According to the Eurostat database, the results of the EU-SILC 2014 indicate that the value of Gini coefficient for 28 European Union member states was 30.9 (varying between 25.1 and 35.5 – depending on the country) while the income quintile share ration achieved 5.2 (varying between 3.6 and 6.8). At-risk-of-relative-poverty rate in Poland was also at the similar level to the EU's mean, reaching respectively: 17.0% in Poland and 17.2% in EU (depending on the EU member state – from 9.7% to 25.4%).

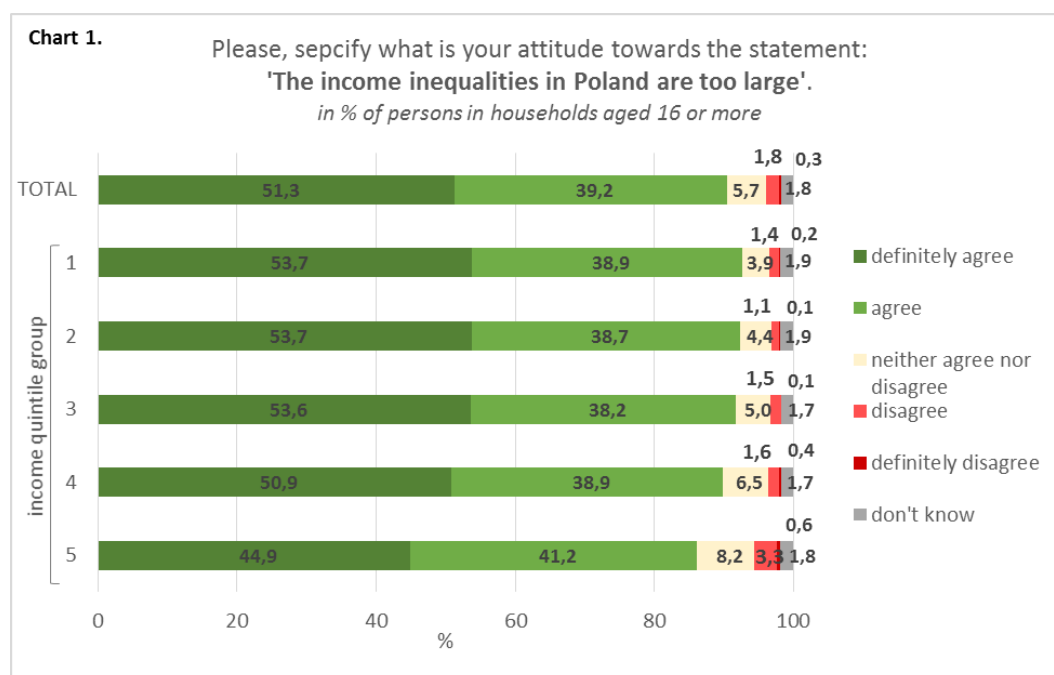
**Table 1. Selected indicators of poverty and income inequalities calculated by CSO of Poland.**

| Indicator           |   | Source                  | Value (year)                          | Definition   |
|---------------------|---|-------------------------|---------------------------------------|--|
| Poverty             | Extreme poverty rate  | Household Budget Survey | 6.5% (2015)                           | % of persons in households with the level of equivalised expenditures below the subsistence minimum.   |
|                     | 'Legal' poverty rate  | Household Budget Survey | 12.2% (2015)                          | % of persons in households with the level of equivalised expenditures below the amount which, according to the Law on Social Assistance, provides eligibility for a monetary benefit from social assistance.   |
|                     | At-risk-of-poverty rate after social transfers  | EU-SILC                 | 17.0% (2014)                          | % of persons in households with an equivalised disposable income (after social transfers) below the threshold of 60% of the national median equivalised disposable income.   |
|                     | Multidimensional poverty rate <ul style="list-style-type: none"> <li>Income poverty rate</li> <li>Living conditions poverty rate</li> <li>Rate of poverty in terms of lack of budget balance</li> </ul> | Social Cohesion Survey  | 3.4% (2015)<br>14.4%<br>8.5%<br>11.1% | % of households where were observed the co-occurrence of three types of poverty, namely: income poverty (equivalised income below the threshold of 60% of national median), living conditions poverty (occurrence of at least 10 of 30 symptoms of bad living conditions) and poverty in terms of the lack of budget balance (occurrence of at least 4 of 7 symptoms of problems with balancing household's budget). |
| Income inequalities | Gini coefficient  | EU-SILC                 | 30.8 (2014)                           | The measure of income distribution inequality; it ranges between 0 and 1 (or if multiplied by 100 - between 0 and 100). This indicator would be 0 (homogenous distribution) if all the persons had the same income, whereas it would be 1 if all the persons except one had 0 income). Presented value of coefficient refers to the equivalised disposable income.   |
|                     | Income quintile share ratio (S80/S20)   | EU-SILC                 | 4.9 (2014)                            | Ratio of total income received by the 20% of the population with the highest income(top quintile) to that received by the 20% of the population with the lowest income (lowest quintile). Presented value refers to the equivalised disposable income.   |

It seems obvious that adopting of different methodological solutions (including different poverty thresholds) has the influence on the poverty rates. In the years 2014 – 2015, the value of extreme poverty rate (poverty line is a subsistence minimum) assessed on a basis of the Household Budget Survey achieved approximately 7%. Furthermore, CSO has cyclically assessed the scope of the multidimensional poverty. Results of the Social Cohesion Survey 2015 indicate that more than 3% of persons in Poland lived in the households which, according to the adopted criteria, simultaneously experienced three forms of poverty: income poverty, living conditions poverty and poverty in terms of the lack of budget balance. Percentages of persons at risk of particular forms of poverty achieved respectively: approx. 16% (income poverty), approx. 8% (living conditions poverty) and approx. 10% (poverty in terms of lack of budget balance)<sup>5</sup>.

### What people think about income inequalities in Poland?

The results of the Social Cohesion Survey 2015 indicate that a vast majority, i.e. 9 of 10 of Polish inhabitants aged 16 or more, thought that income inequalities in Poland are too large (answers 'agree' or 'definitely agree') and over half of persons definitely agreed with this statement. The opposite opinion was expressed by only every 50<sup>th</sup> Polish inhabitant, whereas about 6% chose the answer 'neither agree nor disagree'.



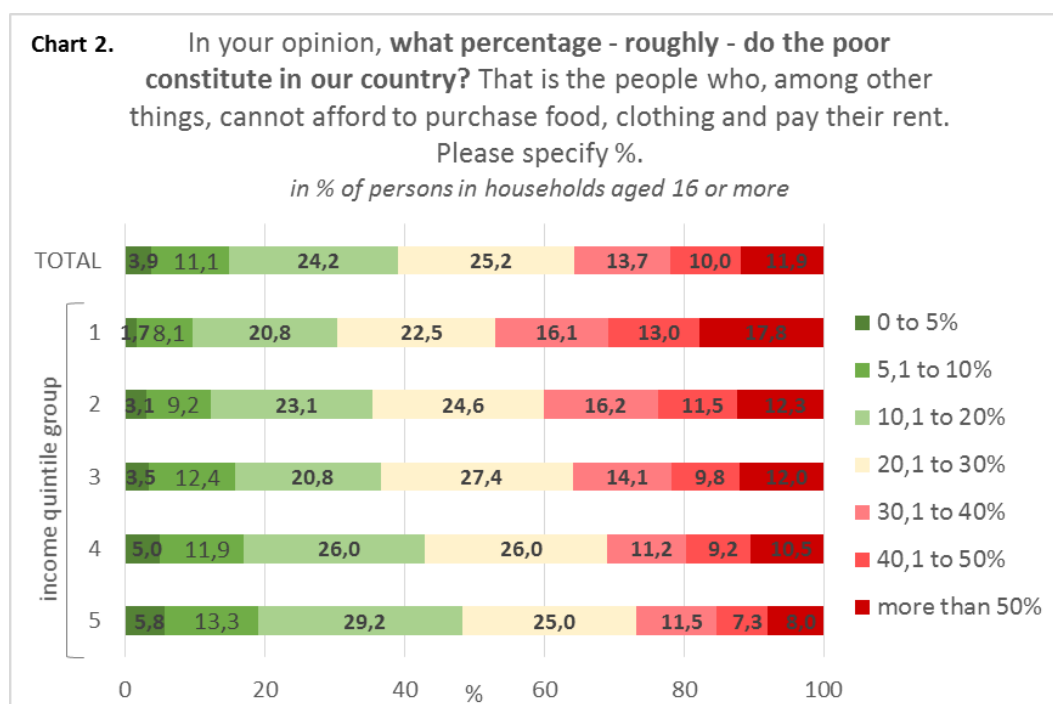
Although opinions about too large discrepancies in income are very common, it is worth noticing that generally, persons with higher income agree with that point of view less rarely

<sup>5</sup> Multidimensional poverty was analyzed at the level of households, and results were presented by CSO in percentage of households experiencing this form of poverty (as presented in Table 1). However, for achieving comparability of multidimensional poverty rate with other mentioned indicators, values given in the text presents percentages of persons in households.

than persons being in worse situation. Among people having the lowest income (1<sup>st</sup> income quintile group), the thesis that income inequalities are too large was supported by approx. 92% of persons while among people with the highest income (5<sup>th</sup> income quintile group) – by approx. 86%. Moreover, the 5<sup>th</sup> income quintile group was characterized by both the largest percentage of persons who thought that discrepancies are not too large (approx. 4%) as well as the largest share of these who chose the answer ‘neither agree nor disagree’ (approx. 8%).

### How people see the scope of poverty and richness? How many poor and rich people live in Poland?

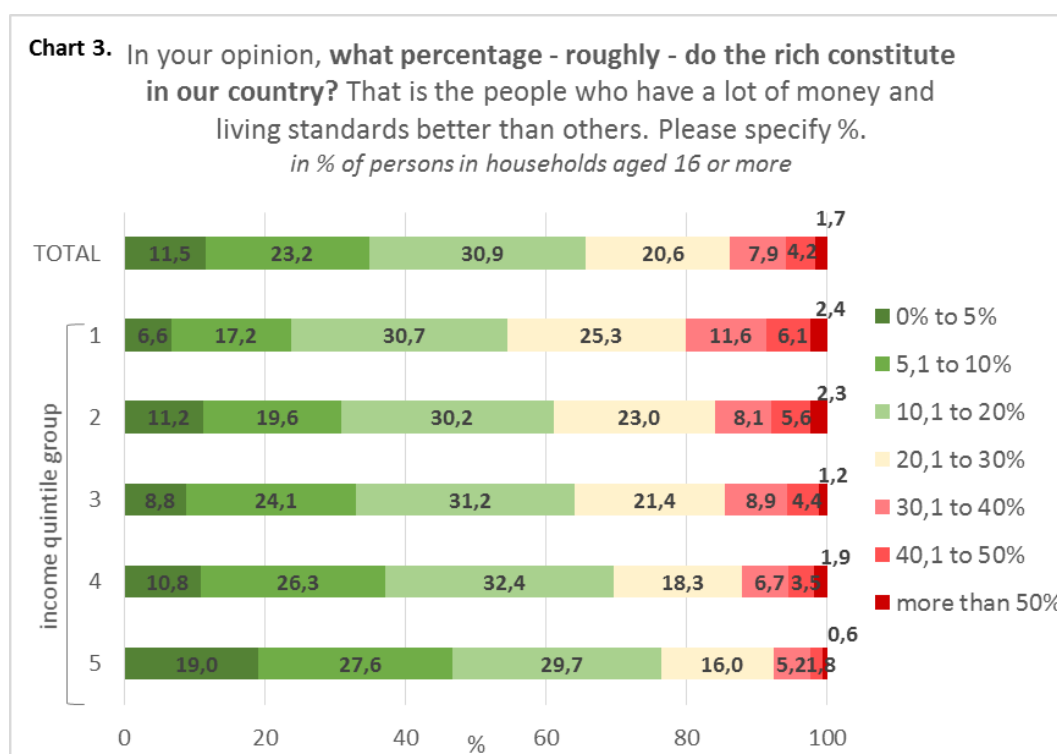
The respondents of the Social Cohesion Survey were asked to answer the question what percentage of Polish inhabitants comprised the poor people (i.e. these who do not have enough money for buying food, clothes, for rent) and the rich people (i.e. these who have much money and whose standard of living is better than others'). In both cases, the significant shares of population (approx. 28%) could not or did not want to answer this question, and persons in the lowest income quintile groups were more likely than others to not response to the given question.



Among those who responded to the question regarding the percentage of the poor in the country opinions were very diversified: approx. 4% of persons assessed that the poverty scope is not higher than 5% while approx. 12% of persons answered that more than half of Polish inhabitants are poor. Overall, a vast majority (approx. 64% of persons) expressed the opinion that the poverty scope in Poland is not higher than 30% (moreover, 30% was the most frequent answer). However, social perception of poverty was to a large extent

influenced by the financial situation. Persons with the lower income pointed at even higher poverty scope than persons with the higher income. For instance, in the 1<sup>st</sup> income quintile group approx. 47% of persons assessed that the share of the poor in Poland is higher than 30% when in the 5<sup>th</sup> income quintile group those values were pointed by about 27%.

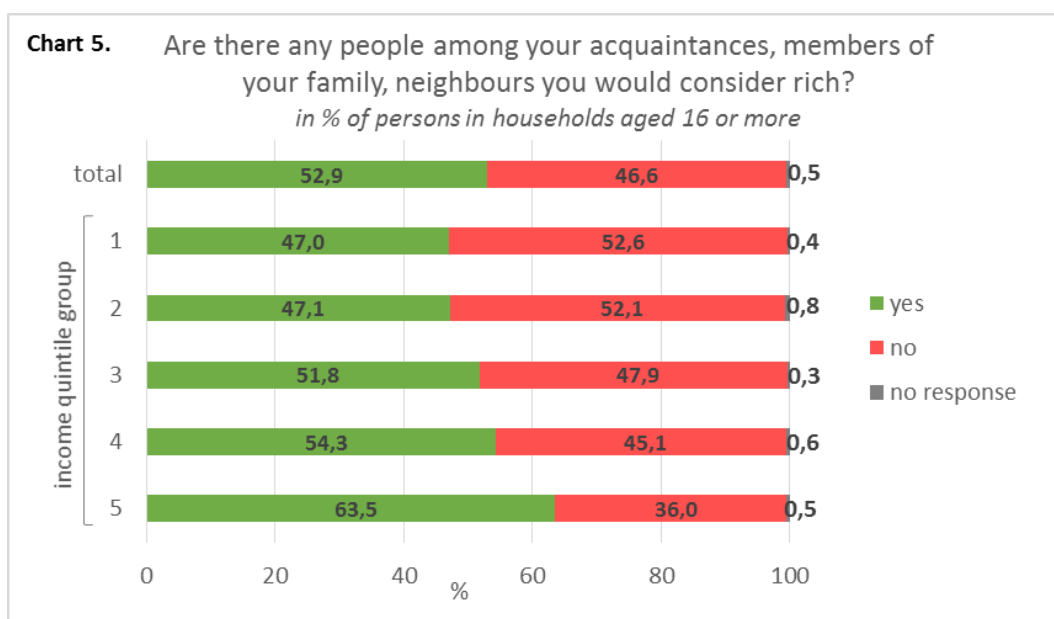
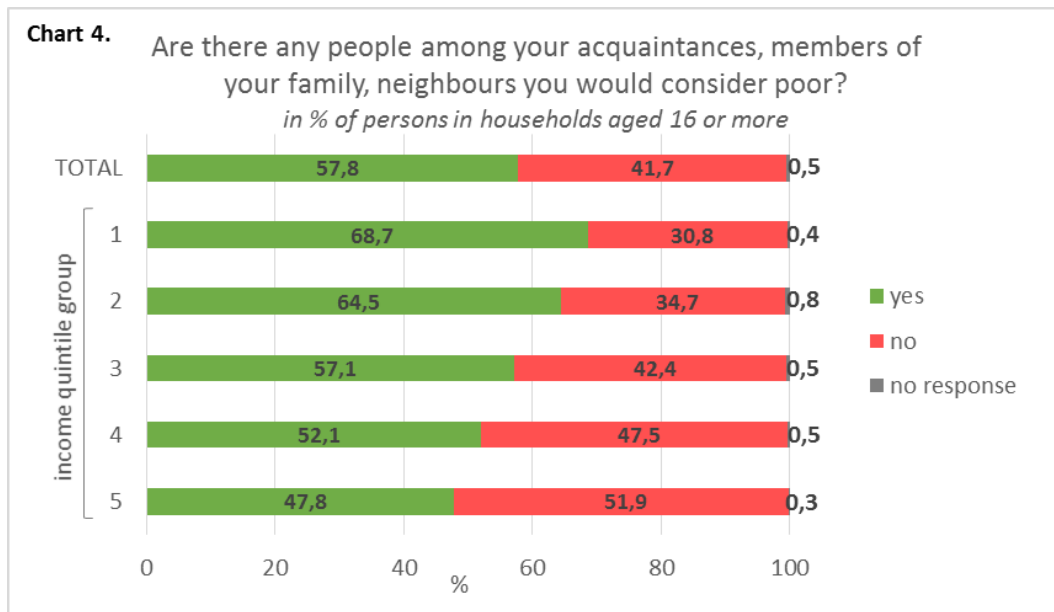
Referring to the answers regarding the scope of richness, a great majority (two of three persons) specified the values which did not exceed 20% while the most frequent answers were 10% and 20%. The scope of richness in Poland were assessed as more than 20% mainly by the persons with the lowest income (1<sup>st</sup> income quintile group). Percentage of this kind of answers achieved approx. 44% among the least wealthy persons while among the richest ones approx. 24% told that the scope of richness is higher than 20%.



### What percentage of Polish inhabitants personally know poor and rich people?

Then, the Social Cohesion Survey included the questions which allowed to assess what percentage of Polish society have in their closest surroundings (i.e. among acquaintances, families and neighbors) the persons who could be considered as poor or rich ones. About 58% of Polish inhabitants aged 16 or more admitted that they know someone poor and 52% declared that among their acquaintances, families or neighbors there are some rich people. These assessments are completely different when we take into consideration particular income quintile groups. Almost 7 of 10 of Polish inhabitants (approx. 69%) with the lowest income (1<sup>st</sup> income quintile group) pointed that they know persons who could be deemed as the poor, when among the most wealthy ones (5<sup>th</sup> income quintile group) only about every second person (approx. 48%) declared such relationships. Furthermore, persons in the best

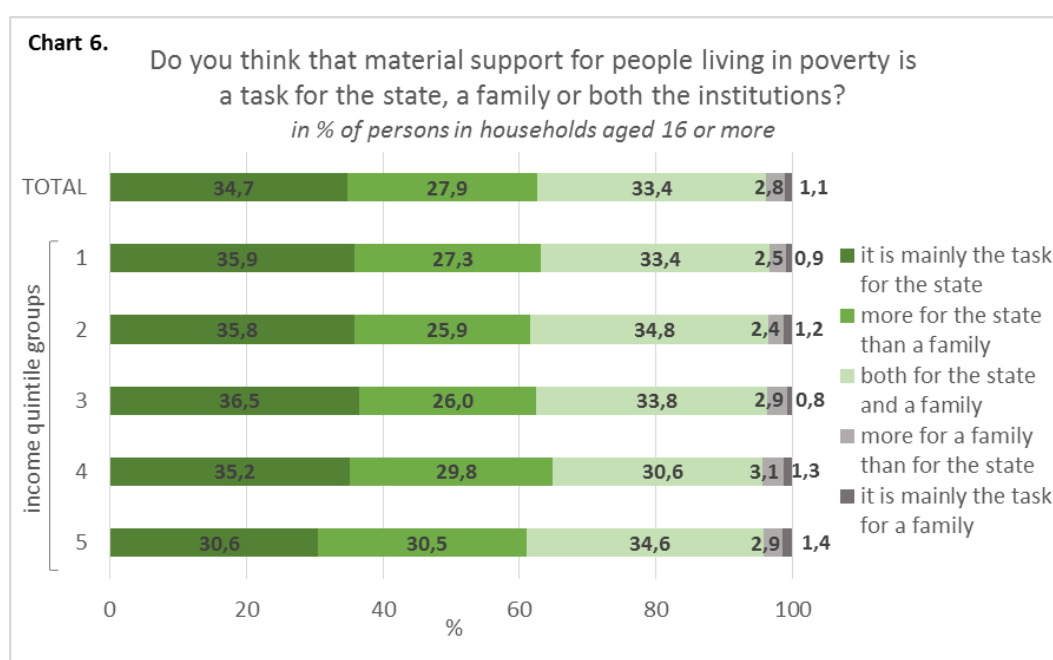
financial situation were far more likely to know people who, in their opinion, could be considered as rich (approx. 64%) while among Polish inhabitants with the lowest income this percentage achieved approx. 47%.



Then, it can be stated that people with a given socio-economic status has more frequent direct contacts with the persons being in the similar situation than with ones who has completely different status. It has the influence on the social perception of income inequalities and poverty. Persons in worse financial situation and living conditions, having frequent contacts with people living in poverty, express much stronger opinions regarding discrepancies in Poland than persons with high income.

## What is a role of the state in reducing poverty and income inequalities in Poland? Should the poor expect a material support from their families?

According to the opinions of a vast majority of Polish inhabitants aged 16 or more (approx. 63%), material support for persons living in poverty is mainly a task for the state rather than families (answers 'mainly the task for the state' or 'more for the state than families'). This opinion were agreed by persons being in the worst income situation as well as these in the best situation - the percentages of the supporters of this statement were very similar in both groups. However, within the group of the richest, there were more often observed opinions, that poor persons should be also supported by their families.

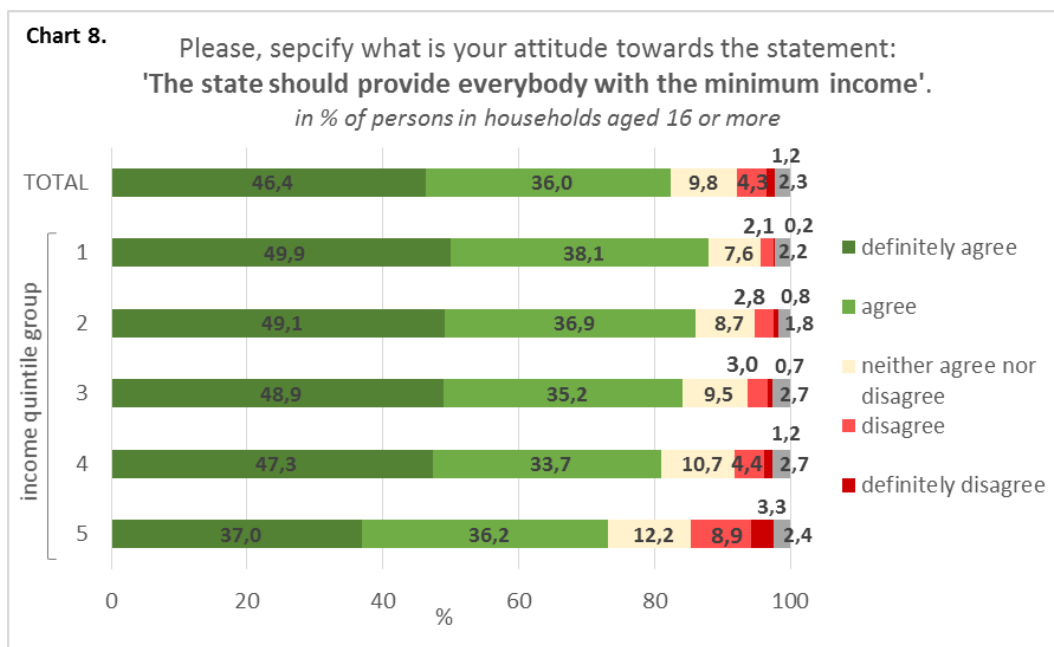
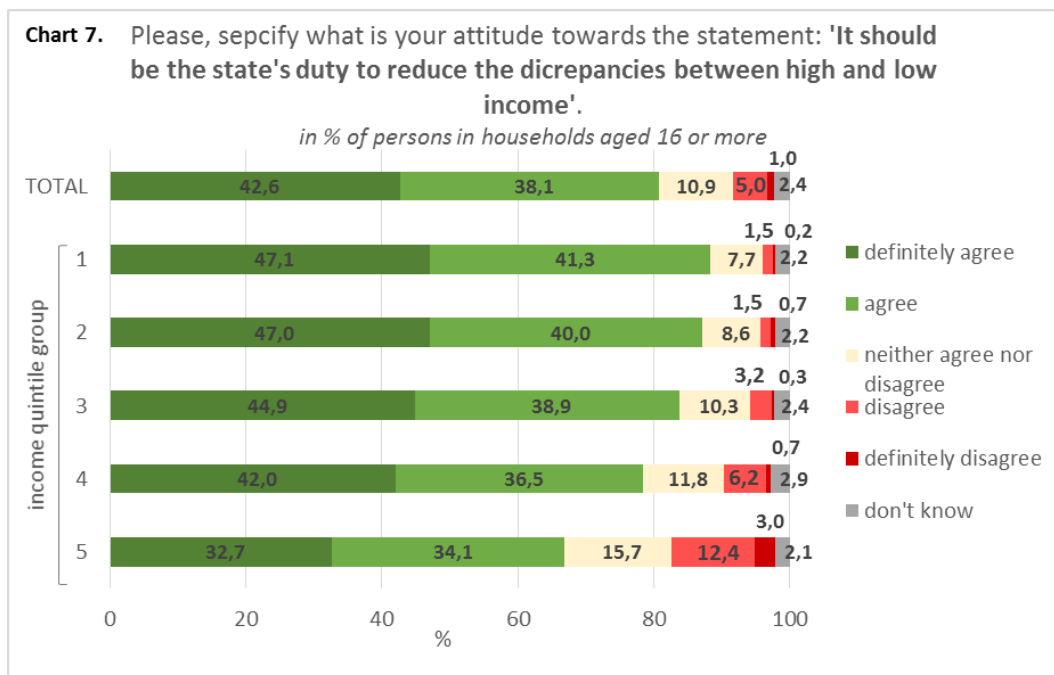


Moreover, Polish inhabitants thought that reducing discrepancies between high and low income should be the state's duty. This opinion was agreed (or definitely agreed) by 8 of 10 persons (approx. 81%). In this case there were observed the differences between opinions expressed by the poorest share of the population and opinions of more wealthy persons. Among people in the 1<sup>st</sup> quintile group almost 9 of 10 persons said that the state should reduce income inequalities while only every 50<sup>th</sup> person in this group had the opposite opinion. The most wealthy persons (5<sup>th</sup> income quintile group) also strongly supported this statement (approx. 67% of answers 'agree' or 'definitely agree'), however in this group there was observed significant share of persons who did not agree with the state's intervention for reducing discrepancies in income (approx. 15%).

The distribution of answers for the question of providing everybody with the minimum income by the state was very similar to the distribution of previous variable. Vast majority of the poorest part of population (1<sup>st</sup> quintile group) supported this statement (approx. 88%) while the opposite opinion was expressed by only 2% in this group. In the group of the

richest these opinions were not such common, because approx. 12% of persons in this group did not agree with the statement from the question.

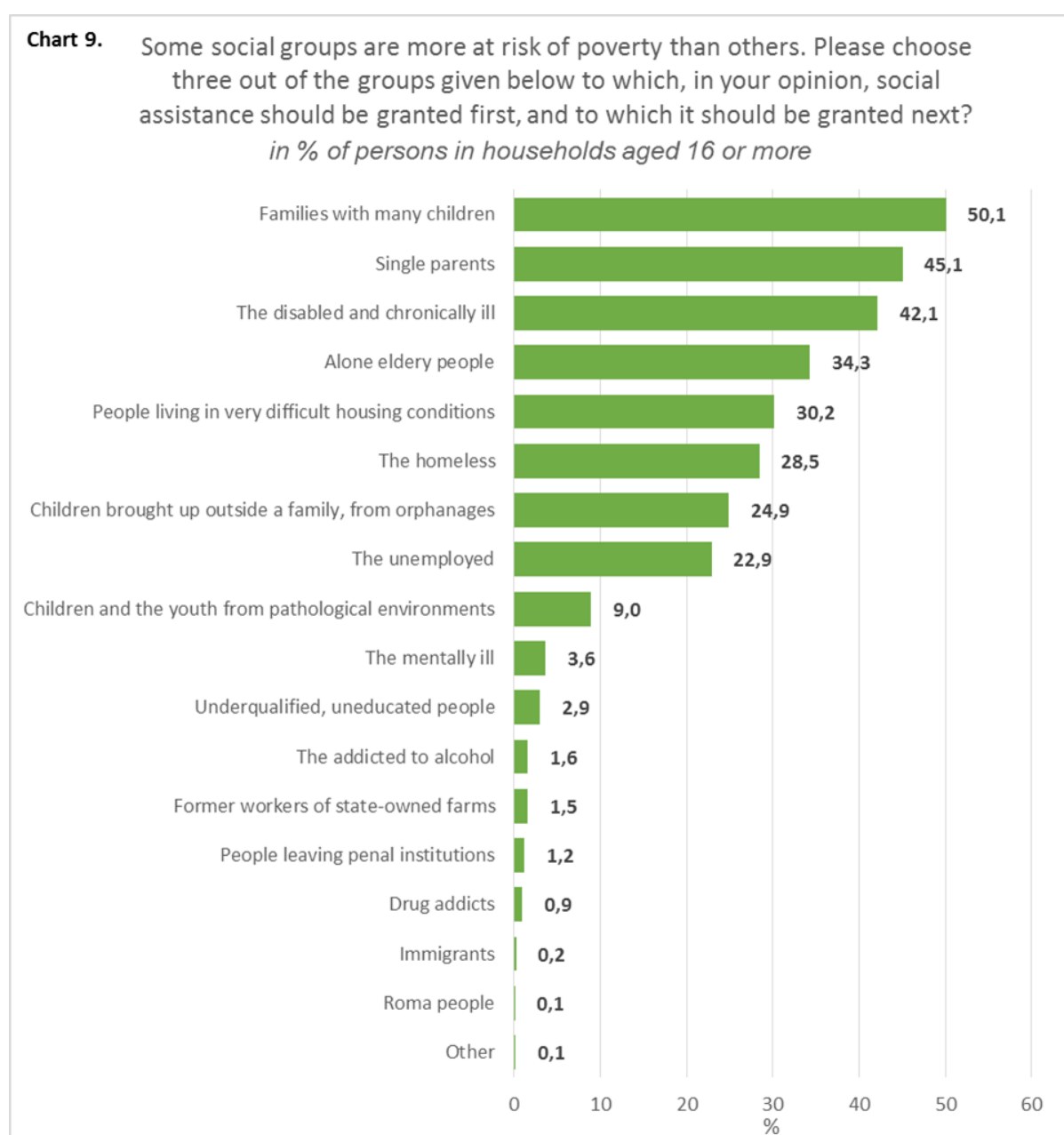
The results presented above indicate that public support for the state's interventions aimed at reducing income inequalities and providing citizens with the minimum income is very common in Poland. Polish inhabitants very rarely expressed opposite point of view and when it occurred, it was mainly observed in a group of the richest persons.



**What kind of help should be directed to the poor and who should be recipients of the social assistance?**

Presented results of the Social Cohesion Survey show that there is a social support for the actions of the state aimed at improving the standard of living of this part of society which is in the most difficult economic situation. Who should be recipients of the material support from the institutions? There was told in the survey to indicate maximum three groups which should firstly receive the social assistance.

In a context of receiving social assistance, the groups which were most frequently indicated by Polish inhabitants were namely: families with many children and single parents (respectively: approx. 50% and approx. 45%). Among 18 possible options of potential social assistance recipients, groups which were chosen most frequently at the level of the whole population were also: the disabled and chronically ill (approx. 42%), alone elderly people (approx. 34%) and people living in very difficult housing conditions (approx. 30%).



Opinions regarding social groups which should mainly receive the social assistance were very similar in all of the income quintile groups. However, there were some differences in the order of answers between particular income quintile groups. Comparing 1<sup>st</sup> and 5<sup>th</sup> income quintile groups, there is observed that the least wealthy persons more often than persons with the highest income chose families with many children and people living in very difficult housing conditions. Moreover, taking into consideration other differences, it was noticeable that the richest persons were more likely than other ones to express the opinion that social assistance should be aimed to the disabled and chronically ill and the children from orphanages.

In the survey there was also asked a question of the kind of assistance which was most needed by persons living in poverty. In case of this question, similarly to the previously analyzed one, there was possibility to choose at most three answers. According to the opinions of 74% of persons aged 16 or more, one of three most needed forms of support was assistance in finding job for the unemployed. Next very frequently occurring answers were namely: assistance in taking care of chronically ill and disabled persons (approx. 33%) and improving of accessibility of free medical services (approx. 29%). It is worth noticing that financial benefits were indicated by approx. 19% of population, taking 5<sup>th</sup> place of 16 possible answers.



Generally, opinions regarding the most needed forms of assistance were very similar in all of the income quintile groups. However, it can be observed that the poorest persons (1<sup>st</sup> income quintile group) even more often than other groups pointed at assistance in finding job for the unemployed (81%). Moreover, persons in this income quintile group, in comparison to other ones, were more likely to find the financial benefits (approx. 30%) and aid for housing purposes (approx. 15%) as necessary forms of assistance for poor people. Taking into consideration the richest part of population, it can be noticed, that they more often than other income quintile groups support such forms of assistance as: improving accessibility of free medical services (approx. 30%) and free nurseries and kindergartens for children (approx. 16%).

## Conclusions

The results of the Social Cohesion Survey 2015 indicate that the vast majority of society thought that income inequalities in Poland were too large. It was a common opinion that the

state should take the actions aimed at reducing these discrepancies as well as support people living in poverty and provide everybody with the minimum income.

Furthermore, the perceived scope of poverty in Poland was significantly higher than the poverty scope based on the so-called objective measures. In the opinion of vast majority of Polish inhabitants, the most needed form of support for the poor people was assistance in finding job. This kind of help was definitely more expected than e.g. financial benefits also by the part of population with low income. Moreover, other most important forms of assistance included i.e.: assistance in taking care of chronically ill and disabled persons and improving of accessibility of free medical services.

The diagnosis of perceived poverty and income inequalities shows to what extent identification of these phenomena based on the objective measures is in line with the social perception. Furthermore, indicators of the perception shows the social moods which can have the influence on people's activities in the fields of economy and politics. For instance, the level of tolerance of income inequalities is often treated as the indicator of acceptance for the social order. It seems then, that systematic collection of data regarding social perception of so significant aspects of socio-economic reality can be very useful in a context of social dialogue as well as creating, verification and monitoring of social policies aimed at improving the quality of life and social cohesion.

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