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**COUNTRY PROGRESS INDICATORS REPORT:
QUALITY OF LIFE/SOCIAL SECTOR RESTRUCTURING**

POLAND

May 1995

This is the first in a series of ENI country reports that examines social indicators of development during the transition to a market-oriented economy. Below we focus on Poland in two ways. We first look at the issues--of distribution, poverty, demography, labor markets, social policy, and environmental pollution--in the aggregate, and compare how well Poland is faring relative to other countries of the region. We then examine the impact of the transition in Poland on those groups commonly perceived to be the most at-risk. This includes the young and the old, the working poor, women, and the rural populace.

I. Aggregate Indicators

A. Income distribution

Income inequality is increasing in Poland. A common measure of inequality, the gini coefficient, shows an increase in income inequality for Poland from .26 in 1987 to .32 in 1993.¹ By comparison, this increase is similar to that witnessed in the UK during the Thatcher years; the six point increase in Poland in five years is one-half the increase in inequality experienced in the UK over roughly ten years.² The intensity of the increase in Poland, however, is magnified in the context of shrinking aggregate income.

As Figure 1 shows, Poland's income inequality measured by the gini coefficient is slightly greater than the ENI average.³ It is high relative to other Central and Eastern Europe (CEE) countries as well as the Slavic countries, though slightly lower in relation to the Baltics and Central Asian Republics (CAR) of the New Independent States (NIS). Poland's inequality is comparable to that found in the Organization for Economic Cooperation and Development (OECD) countries overall and to the East Asian developing countries, though much lower than the developing countries of Latin America and Sub-Saharan Africa.⁴ Perhaps of greater relevance, Poland's income inequality is higher than most of the countries of the European Union (EU). The population-weighted average of the EU's gini coefficient is probably closer to .29 or .30.

Another means to measure Poland's income inequality, the ratio of the richest 20% of the population to the poorest 20%, shows Poland relatively less economically stratified. In particular, the wealthiest 20% of the population in Poland in 1992 received

slightly more than three times the income received by the poorest 20%.⁵ While we do not have a measure of this for the ENI region as a whole, this ratio does compare favorably with that in the Czech Republic and Hungary (5 to 1 and 4 to 1, respectively), and is roughly comparable to that found in Slovakia. In addition, the OECD average is 7 to 1, and higher still for the U.S., likely closer to 9 to 1.⁶

B. Poverty

In general, it appears that much of the reason for the growing inequality in the transition economies has stemmed from changes at the top of the income distribution. Still, poverty has increased significantly in Poland and elsewhere. Moreover, the recent emergence of high poverty incidence coupled with rapidly growing economic stratification brings in its wake important and obvious policy challenges which must be addressed if the market-oriented reforms are to be sustained.

The good news, however, is that the poverty tends to be both relatively "shallow" (many of the poor are only marginally so) and new. This means that a substantial deterioration of assets has probably not yet accompanied the decline in incomes, and that relatively minimal, well-targeted, albeit timely assistance could pull up many of the poor relatively easily. Furthermore, growing "official" poverty has likely been accompanied and partly offset by a growing informal sector. These trends highlight the merits of interpreting poverty levels with some caution if not skepticism.

(i) Income. Both absolute and relative income thresholds are often used to measure poverty. By one conservative estimate, Poland's absolute poverty increased from 6% in 1987-1988 to 16% in 1993.⁷ As shown in Figure 2, this poverty level is slightly less than the ENI average of 18%. The growth of poverty in Poland over the 5-6 years is also less than the region's average. Yet, as Figure 2 highlights, the ENI average masks widespread variations in poverty. Thus, by this measure, poverty in Poland is significantly greater than other Central European (CE) countries in transition, while at the same time substantially less than some NIS countries, the Baltic countries in particular:

The sum of money needed to bring all the poor up to the absolute poverty line is probably close to 5% of Poland's gross domestic product (GDP).⁸ This is assuming that the actual costs of such an undertaking are roughly double the costs that would be incurred if the transfers could be targeted perfectly (that is, only to the poor and by the exact amounts).

Relative measures of poverty in Poland reveal the "shallowness" of this poverty. Two relative poverty lines are sometimes used: 75% and 50% of median income. Using the former, we find that one

out of four persons in Poland is living in poverty in 1992. In contrast, only 6% of the Polish population were below the lower poverty line in 1992.⁹

(ii) Expenditures. The level and type of expenditures are likely better welfare proxies than income, particularly in light of informal economy activities (which generate unreported income and in-kind payments). Below are some indicators of consumption habits, though some apply to the average Polish citizen and hence do not get at the distribution of these expenditures. Relative to other ENI consumers, the average Polish consumer fares quite well, and would not appear to have his/her vital needs threatened.

The calories consumed per day by the average Polish consumer declined from 3,426 in 1988-1990 to 3,282 in 1992, a 4.3% drop.¹⁰ This level is well above the recommended level set by the World Health Organization (WHO) of around 2,300-2,500.¹¹ It is also higher than an average of 3,075 calories per day for 8 CEE countries over 1990-1994.

However, there is evidence that the poorest 20% (by income) of the Polish population has experienced a more dramatic drop in caloric consumption (by roughly 11% from 1989-1992), and that the average level of caloric consumption by these poor (2,348 in 1992) may be cause for concern.¹² In addition, the daily protein intake in 1992 by this group was 62 grams, a drop of nearly 13% from 1989, and also below WHO standards (of 65-70 grams). Those of greatest concern among the poorest 20%, and thus candidates for better social assistance targeting, are likely young children and pregnant and lactating mothers.

A rising proportion of total calories consumed from potatoes and grain (that is, the starchy-staple ratio) would likely reflect a deterioration in income and well-being. While this trend is occurring in the majority of CEE countries for which data are available, it is apparently not happening in Poland. From 1988 to 1992,¹³ the starchy-staple ratio of Polish consumers remained at .39. This proportion is roughly comparable to that found in other Central Europe countries (where it ranges most recently from .33 to .42) and significantly lower than that found in the Balkans (ranging from .50 to .70).

Rising relative prices of essentials, which put a disproportionate squeeze on the poor, can be reflected in part in the Consumer Price Index (CPI) rising faster than the broader price indexes such as the GDP deflator. This is occurring in Poland. The CPI inflation rate in 1993 is 1.2 times greater than the GDP deflator.¹⁴ In 1989, however, prices of essentials rose relatively slower as evidenced by a CPI/GDP deflator ratio of .84. Part of this trend was due no doubt to the lifting of consumer subsidies. In 1988, they constituted 10% of GDP; in

1993, only 1%.¹⁵

Yet, despite the rising relative prices of essentials in Poland, the share of food in household consumption dropped significantly from 37% in 1989 to 24% in 1992, reflecting an increase in real incomes.¹⁶ Both trend and level are at odds with those in virtually all other ENI countries. Of the 20 ENI countries for which data are available, only in Poland is this proportion falling. Furthermore, with the exception of the two other Central European countries included in the survey (Hungary and the Czech Republic), this more recent proportion is much lower than that found elsewhere among the transition economies. The share of food in household consumption on average in three Balkan countries is 57%; for the NIS countries, it is 54%.

C. Demography

Trends in demography reflect social conditions. In contrast to a trend of decreasing population in the countries of CEE overall, total population in Poland has been increasing slightly by roughly 0.3% annually in the 1990s.¹⁷ This is occurring despite declining birth rates (as well as fertility rates and probably life expectancy, further detailed below) and a stable death rate, at least through 1992.¹⁸ This would imply net immigration is occurring. Yet, while we do not have migration figures for Poland alone, there is evidence that relatively significant net out-migration for the CEE countries in general is happening. For 6 countries of CEE, net out-migration for the period 1985-1990 was almost 700,000 persons, mostly to Western Europe, and estimated to increase to 850,000 people during 1990-1995.¹⁹

The age composition of the population can reveal important underlying present and future social and economic conditions. The most common statistic of this kind is the dependency or support ratio. As traditionally defined, this ratio for Poland tells us that for every 100 working age persons, there are 60 persons of nonworking age, the elderly or children, who are in some sense dependent on the former.²⁰

A more comprehensive measure of dependency is the ratio of the total population not working to those who are employed. This reveals a much more dependent population: for every 100 persons employed, there may be as many as 160 people not working.²¹

Finally, the old-age dependency ratio, or the ratio of pensioners to the employed, is interesting to examine in part because of its connection with unemployment, as well as its implications on the troubled pension systems in the region. In particular, this ratio has been increasing dramatically in many ENI countries in large part because early retirement has substituted for unemployment in some cases on a massive scale. In Poland, for example, 22% of the population in 1992 were on pensions, while only 13% were of

normal retirement age.²² Poland's old-age dependency ratio increased from 43% in 1990 to 57% in 1992.²³ This current ratio is below the average (of 61%) for 5 CE countries, and generally higher than that found in the NIS countries, particularly among the CAR and the Caucasus region (where it ranges from 28% to 46%).

D. Labor Force Trends

While limitations in interpreting unemployment figures over time and across countries for this region particularly are significant, it is clear that unemployment, as with poverty, has increased dramatically during transition. The unemployment rate for Poland may have increased from close to 3% in 1990 to as high as 17% by mid-1984.²⁴

In fact, the linkage between unemployment and poverty is strong, and likely to get stronger, particularly in light of the fact that the proportion of long-term unemployment is high (and rising) and unemployment benefits are short-lived. In 1993, the poverty of 36% of the poor could be related to unemployment.²⁵ In households where at least one member is unemployed, poverty rates are anywhere from 2 to 4 times higher than the country average.²⁶

The proportion of the unemployed who have been unemployed for more than a year (i.e., long-term unemployed), increased from 33% in 1992 to 42% in the first quarter of 1994.²⁷ This trend coincides with the growing average duration of unemployment: from 10.3 to 10.9 months during this time period.²⁸ Beyond humanitarian concerns, repercussions from growing long-term unemployment could contribute to an erosion of political will towards ongoing reforms, and will hence likely need greater policy focus in the short-term.

Furthermore, greater attention to labor market policies in the industrial and services sectors relative to agriculture would seem to be merited, as the incidence of unemployment in industry and services has been much higher. This is partly reflected in the employment data. While overall employment contracted by almost 20% from 1989 to 1993, industry, where employment decreased by 26%, took the hardest hit.²⁹ The proportion of employment in industry declined from 37% to 32% during this period; employment in services increased from 36% to 43%, while agricultural employment remained at 26%.

The overall labor market picture in the ENI countries likely worsens considerably when one factors in underemployment. The bottom line, however, is that we don't know by how much. We can only assess underemployment through rough proxies and/or anecdotal evidence.

The are two components to underemployment: workers are less than

fully productive either because they have less than full-time employment and/or their labor is largely redundant and their contribution to output is minimal. Labor hoarding, the retaining of redundant workers, contributes to the second aspect of underemployment, and is perceived to be a widespread problem throughout the region. Both types of underemployment contribute to low income either in the form of fewer work hours or lower wages or both. In addition, if labor hoarding is widespread, then this implies much in the way of structural reforms remains, as well as the potential for many more job losses to occur should these reforms proceed.

While we do not know the amount of labor hoarding, we can roughly gauge its change from year to year by mapping output changes to employment changes.³⁰ Is employment dropping commensurate with output? In Poland, and in contrast to most other CEE countries, there is evidence as shown in Figure 3 that economy-wide labor hoarding is actually decreasing. That is, employment contraction has exceeded GDP contraction by 2.7% from 1989 to 1993. In industry, however, there has been a slight growth of labor hoarding (1.8%) during these years, though much less than in most other countries of the region.

This evidence suggests that substantial labor market adjustments are being undertaken in Poland (as well as in Hungary). In contrast, it is interesting to note that the Czech Republic, a country soon to graduate from USAID assistance, appears to have a serious labor hoarding problem, and may need to make more painful reforms before its transition is complete.

Finally, polls point to the deficiency of income from primary employment. Surveys conducted in Poland between November 1993 and March 1994 found that only 19% of the respondents felt that their income from their primary occupation was deemed sufficient to satisfy their needs.³¹ This proportion is close to the average of 24% for eight CEE countries; in Russia a mere 13% felt primary employment income was sufficient.

E. Social Spending

As a proportion of GDP, social spending has risen substantially. Total cash transfers (which include pensions, various family benefits, sick leave benefits including maternity leave and unemployment allowances) increased from 8.7% of GDP in 1987-1988 to 17.8% in 1992-1993.³² Family benefits during this period increased from 1.4% of GDP to 1.8%.³³ In fact, real spending on family benefits increased by 7% during this time. Unemployment benefits as percent of GDP was 1% in 1992 and 2% in 1993.

Still, social transfers may not be sufficiently targeted. In particular, the poorest three population deciles get less than 60% of social assistance and unemployment benefits.³⁴

Further, the unemployment benefits amount to only 36% of average wages.³⁵ In addition, the benefits are provided to those who meet certain qualifying conditions for a minimum of nine months and a maximum of two years. As of March 1994, over half of the unemployed were not entitled to unemployment benefits. Most had been unemployed long-term.

F. Environment

Conforming to the general trend in the CEE countries, Poland's air pollutant emissions have fallen considerably since 1989, though largely it seems because of reduced production. For example, carbon monoxide emissions decreased by 20% from 1989 to 1992 (from 2.7 to 2.2 million tons).³⁶ By disaggregating, we see the decline is due to reduced smokestack emissions (that is, emissions from stationary sources decreased from 1.3 to .7 million tons), and despite an increase in emissions from mobile sources (which increased from 1.4 to 1.5 million tons). Nitrogen oxide emissions also declined during this period; by 27% (from 1.5 to 1.1 million tons).

Water pollution emissions are also declining. Seventy percent of the water pollution in Poland comes from industry. From 1990 to 1993, Polish industry reduced water pollution emissions by about 14%.³⁷ However, the amount of industrial waste water that is not treated remains very high; 95% in 1993, slightly higher than in 1990.

The extensive dumping of solid industrial wastes in Poland is reportedly among the highest in the CEE countries.

Such environmental pollution has likely contributed to a variety of illnesses, including emphysema, respiratory cancer, heart disease, lead poisoning, as well as various water-borne diseases.

II. At-Risk Social Groups

Below, and in Figure 4, we attempt to measure the extent to which particular groups are suffering disproportionately during the transition. Constrained in large part by data availability, the following categories have some limitations that need to be underscored. First, some of the categories overlap. Thus evaluating how well a particular group is faring may require looking across categories. For example, many if not most of the pensioners who are most at-risk are probably women. Similarly, some of the categories may not be adequately disaggregated. There is some evidence, for example, that pensioners on average may be doing relatively well. Yet, it also seems true that some of the hardest hit groups are particular types of pensioners (single household pensioners who are not drawing additional income from work and who are most often women).

A. The Young

Children seem likely to be the most vulnerable age group during transition. In fact, as shown in Figure 4, close to one in four children are living in absolute poverty, significantly higher than the nation-wide poverty rate of 16%.³⁸ The importance of better focusing resources towards addressing the needs of the youngest during the transition stems from economic as well as humanitarian reasons. Deprivations early in life extend to development and productivity later on.

Some of the poorest households are those of single parents with all children under age 18. These households represent close to 3% of the population and have a (1992) median income which is 15% below the national average.³⁹ Thirty-nine percent of these households are below the relative poverty line (of 75% of median income); 18% are below the lower still poverty criteria (of 50% of median income), a far greater percentage than any other household type.⁴⁰

A more promising trend is that in infant mortality which may have decreased by as much as 30% from 1989 to 1994. According to the U.S. Bureau of Census, infant mortality decreased from 15.8 infant deaths per 1,000 live births in 1990 to 12.6 in 1994.⁴¹ The under age 5 mortality rate in 1992 may have been closer to 17; higher for boys (20) than for girls (14).⁴²

Youth unemployment is disproportionately high. Unemployment in the first quarter of 1994 for those under age 25 was 36%.⁴³ This is more than two times the national average (see Figure 4), and significantly higher than the 29% youth unemployment rate in 1992. While female youth unemployment is 2% higher than male youth unemployment, this gap is not as large as the 6% gender differential in 1992.

B. The Least Educated and the Working Poor

As in other ENI countries, many if not most of the poor in Poland have jobs. A World Bank study found that 60% of the poor in Poland in 1993 were so-called "working poor."⁴⁴ Other indicators support this observation. In particular, the average income of households in which both adults were employed at minimum wage in the end of 1993 was only 10% above the absolute poverty line.⁴⁵ In the first quarter of 1994, minimum wages were 39% of average wages, and only slightly higher than unemployment compensation.⁴⁶ Finally, 23% of households with a blue collar head of the household in 1992 were living in relative poverty (defined as 75% of the median income) in contrast to 9% of households headed by a white collar worker (see Figure 4).⁴⁷

Those among the poor who have jobs are the least educated part of

the work force. This connection is likely growing stronger given the apparent rising economic returns to education. The World Bank found that the rate of return to one additional year in Poland increased from 6.4% in 1989 to 7.5% in 1992.⁴⁸

The close and growing ties between poverty and education is no doubt exacerbated by other ominous trends that disproportionately affect the lowest strata during transition. In particular, enrollment at all levels of education may be decreasing as children and young adults are needed for more immediate economic concerns. Also, spending on education may be suffering in light of budget constraints. These trends may need to be tracked more systematically.

Not surprisingly, unemployment rates among the least educated are above average. The unemployment rate for those with basic vocational education is slightly greater than 20% in the first quarter of 1994, 4% above the national average.⁴⁹ For those with primary education only, the unemployment rate is closer to 17%. The unemployment rate for both groups has been increasing during transition. In striking contrast, the unemployment rate of those with college education is much lower (4% in the first quarter 1994) and falling; it was 6% in 1992.

In short, these wages and unemployment trends confirm the findings of growing income inequality, and underscore the likelihood of the growing gap to continue in the absence of policy re-orientation.

C. Women

The households with the lowest income in 1992 fell into two groups: one parent families with all children under age 18 (15% below median income), and one person households with the head age 60 or over (21% below median income).⁵⁰ The heads of these households are primarily women.

The unemployment rate for women in the first quarter of 1994 was roughly 13% greater than for men (see Figure 4), though this gap is closing; in 1992, the differential was 20%.⁵¹ However, women also suffer from a greater long-term unemployment rate than do men, and this differential is growing.

The evidence on relative income trends is both mixed and insufficient. It is likely, however, that Polish women on average earn less than men, perhaps considerably less, though it is not clear if this gap is growing or closing due to the transition. One source has it that Polish women earn about 70% of men's earnings.⁵² Another draws on several arguments as well as some statistics from the health care sector in Poland to argue similarly that women tend to earn less than men.⁵³ In particular, women tend to work in lower-paying fields (disproportionately

concentrated in the public sector), have lower relative wages within these fields, and lower returns to income from education than do men. In contrast, another argument has it that women in general throughout the ENI have gained in relative wage terms during the transition mostly because those jobs that traditionally under socialism were underpaid and strongly "feminized" (e.g., banking, tourism, accounting) have been experiencing a presumably disproportionate increase in demand.⁵⁴

The crude birth rate decreased from 15 per 1,000 in 1989 to 13 in 1992.⁵⁵ Similarly, and conforming to the trend throughout CEE, fertility rates are also decreasing and are now below the rate of 2.1 needed to replace the current population. In 1989, Polish women had an average of 2.05 children in a lifetime. In 1994, it was closer to 1.75.⁵⁶ This decline may be a reflection of both new-found poverty and wealth: most women likely abstaining due to economic difficulties and uncertainties, while some others are doing the same because of career success and new opportunities.

The general trend in CEE in terms of life expectancy from 1985 to 1995 has been for life expectancy among males to stagnate or even to decrease, while for females it has increased slightly.⁵⁷ In Poland, life expectancy may be slightly lower today for both women and men than it was in 1989, though not as low as it was in 1991. It is probably close to 75 years for women and 66 for men.⁵⁸ This sex differential gap, one of the largest in the world, may be increasing, though evidence is mixed.

The suicide rate can be taken as a proxy for social malaise. In 1992, there were 5 female suicides per 100,000.⁵⁹ This is much lower than suicides among Polish men (25 per 100,000). Suicide rates for both females and males in Poland are low relative to the rates in many CEE countries, though the differential is greater for females. Suicides for both males and females have increased since 1988, though more so for males (from 4.3 to 5.0 for females; from 20.5 to 25.3 for males).

There are other disturbing trends throughout ENI in general that are women-specific but for which indicators are not readily available. They range from the elimination of subsidized child care, to increasing discrimination in the workplace, to discrimination in land titling and tenure, to growing domestic violence and rape.⁶⁰

D. The Elderly

On average, pensioners seem to be doing quite well relative to other age groups on certain scores, poverty incidence in particular. However, the welfare of the average pensioner masks a great deal of variation among this group. In fact, a subset of pensioners are among the most vulnerable persons during transition, particularly those living alone and not working. As

shown in Figure 4, almost 44% of the elderly (age 60 or over) living alone are living in poverty (below 75% of 1992 median income).⁶¹ Furthermore, these one person households have median incomes more than 20% below the national median income.⁶² These households constitute 3.2% of the population.

In contrast, some pensioners are still working, though it is not clear how many. Furthermore, many are not particularly elderly. As previously cited, 22% of the population is on pensions, while only 13% is of retirement age.⁶³ This could imply a sizable proportion of working pensioners, though one estimate for CEE overall has it at one in ten pensioners still working.⁶⁴ In the NIS, the ratio is estimated to be much lower; one out of five or six pensioners has a part-time or full-time formal job. Retirement age is five years higher in Poland than it is in other CEE countries: 65 for men; and 60 for women.

Pension spending as a proportion of GDP in Poland is much higher than anywhere else in the ENI countries. The growth of such spending since 1988 is likewise unmatched. Pensions as a percent of GDP increased from 7% in 1988 to 15% in 1993.⁶⁵ The 1992-93 average for CEE is roughly 10%, and closer to 6-7% for the NIS countries. Still, the real average pension in Poland has remained constant since 1987, even though total real pension spending increased by nearly 50% during this time.⁶⁶ This means the number of pensioners has increased significantly during this period, and many no doubt are receiving early pensions in lieu of unemployment benefits.

Finally, average pensions remain considerably below average wages, though this gap has been closing. IMF and World Bank sources estimate that average pensions in 1992-1993 were slightly more than 60% of average wages (1992-1993), and up considerably from 48% in 1987-1988 according to the World Bank.⁶⁷ By this measure then, pensioners on average have increased their relative position vis-a-vis workers considerably during transition.

E. Regions and urban-rural disparity

There is some evidence (though not unequivocal) from the unemployment data that sub-national regional inequality has increased during transition. In particular, the dispersion of regional unemployment rates among the nine regions in Poland has increased from 1992 to the first quarter of 1994.⁶⁸

Of the nine regions, the populations of the Central-West (CW) and Northern (N) regions may be experiencing the greatest hardships. Unemployment rates are above the national average in CW, N, North-East (NE), Central (C), and South-West (SW).⁶⁹ In NE, N, and SW the unemployment rate is 20% higher than the country average. Regional poverty is above the national average in CW, N, and CE.⁷⁰ Parts of CW also contain areas where infant mortality

is highest. Finally, regional dependency ratios above the average include the SE, CE, NE, and the CW regions.

Urban-rural disparity. The unemployment rates in Warsaw of 7.9% and Krakow of 7.5% are considerably below the national average of 16%.⁷¹ The capital region relative poverty rate is 18% which is less than the national average of 25%.⁷² In contrast, 37% of farmers are living in poverty.

III. Concluding Observations

In important respects, this may be a particularly critical period for Poland and for her donors. On the one hand, the poverty remains shallow and the disparities, by many measures, are probably not much higher than in many OECD countries. Poverty for many could become a temporary phenomenon with well-targeted and timely assistance in the context of a vibrant economy.

On the other hand, social tensions could increase significantly in the near term. Many of the those who have not benefited from the transition may be reaching a threshold of tolerance as the painful transition stretches out. Almost one of every two unemployed in Poland has been unemployed for at least a year. And the proportion of long-term unemployment has been growing rapidly. This means that the proportion of those unemployed who are no longer able to receive unemployment benefits is also growing rapidly. Furthermore, while the level of economic stratification in Poland may not be too far from the capitalist standard, such inequalities are new phenomena and are likewise rapidly growing.

Finally, it is important to recognize that while the strategic objectives from the standpoint of Polish policy makers and among Western donors are not limited to social or humanitarian concerns, there is considerable overlap between such concerns and vital political and economic objectives.⁷³ Increasingly, as the climate in Poland would suggest, the promotion of political stability and mutual economic interests can best be credibly addressed in the context of important social reforms.

Abbreviations and Acronyms

ENI - Central and Eastern Europe and the New Independent States

CEE - Central and Eastern Europe

CE - Central Europe

NIS - New Independent States

CAR - Central Asian Republics

OECD - Organization for Cooperation and Development

EU - European Union

LAC - Latin America and the Caribbean

WHO - World Health Organization

BUCEN - U.S. Bureau of Census

CPI - Consumer Price Index

GDP - Gross Domestic Product

1. B. Milanovic, Poverty, Inequality and Social Policy in Transition Economies, World Bank, Washington D.C., 1995, Table 2, p.16. The gini coefficient varies from zero to one; the higher is the figure, the greater is the inequality.

2. P. Johnson and S. Webb, "Explaining the Growth in UK Income Inequality," The Economic Journal 103 (March 1993): 429-435.

3. Figures 1 and 2 (below) use the same country categories for the ENI region. The sample sizes are as follows: ENI (n=18); CE (n=5); Balkans (n=2; Bulgaria and Romania); Slavic countries of Russia, Ukraine, and Belarus plus Moldova (n=4); and CAR (n=4). For Figure 1: OECD (n=18) and LAC (n=21).

4. For OECD and developing country income distribution figures, see R. Sprout and J. Weaver, "International Distribution of Income: 1960-1987" Kyklos 45 (1992), Table 9, p. 252. Not shown in Figure 1 due to space are the population-weighted gini coefficients for 22 Sub-Saharan African countries (0.44) and 10 East Asian developing countries (0.32).

5. G. Gorzelak et. al., Eastern and Central Europe 2000, European Commission, Luxembourg, 1995, p. 34.

6. For the OECD average, see Sprout & Weaver (1992) Table 9, p. 252. J. Glassman, in a Washington Post op-ed article (April 25, 1995), draws from the 1990 U.S. Census to arrive at the U.S. ratio.

7. Milanovic (1995), Table 2, p. 16. Absolute poverty in this instance is defined as the proportion of the population below the poverty line of \$120 per month per capita at 1990 international prices.

8. Milanovic (1995), p. 17.

9. See U.S. Bureau of Census (BUCEN), Populations at Risk in Central and Eastern Europe: Report #1: An Overview (November 1994), p. 6 and appendix, p. 88.

10. BUCEN (1994), Table 5.1, p. 31.

11. The Polish consumer's caloric intake also compares favorably with the recommended daily allowance for adult men and women in the U.S.; between 2,400-2,900 calories and 1,800-2,100, respectively.

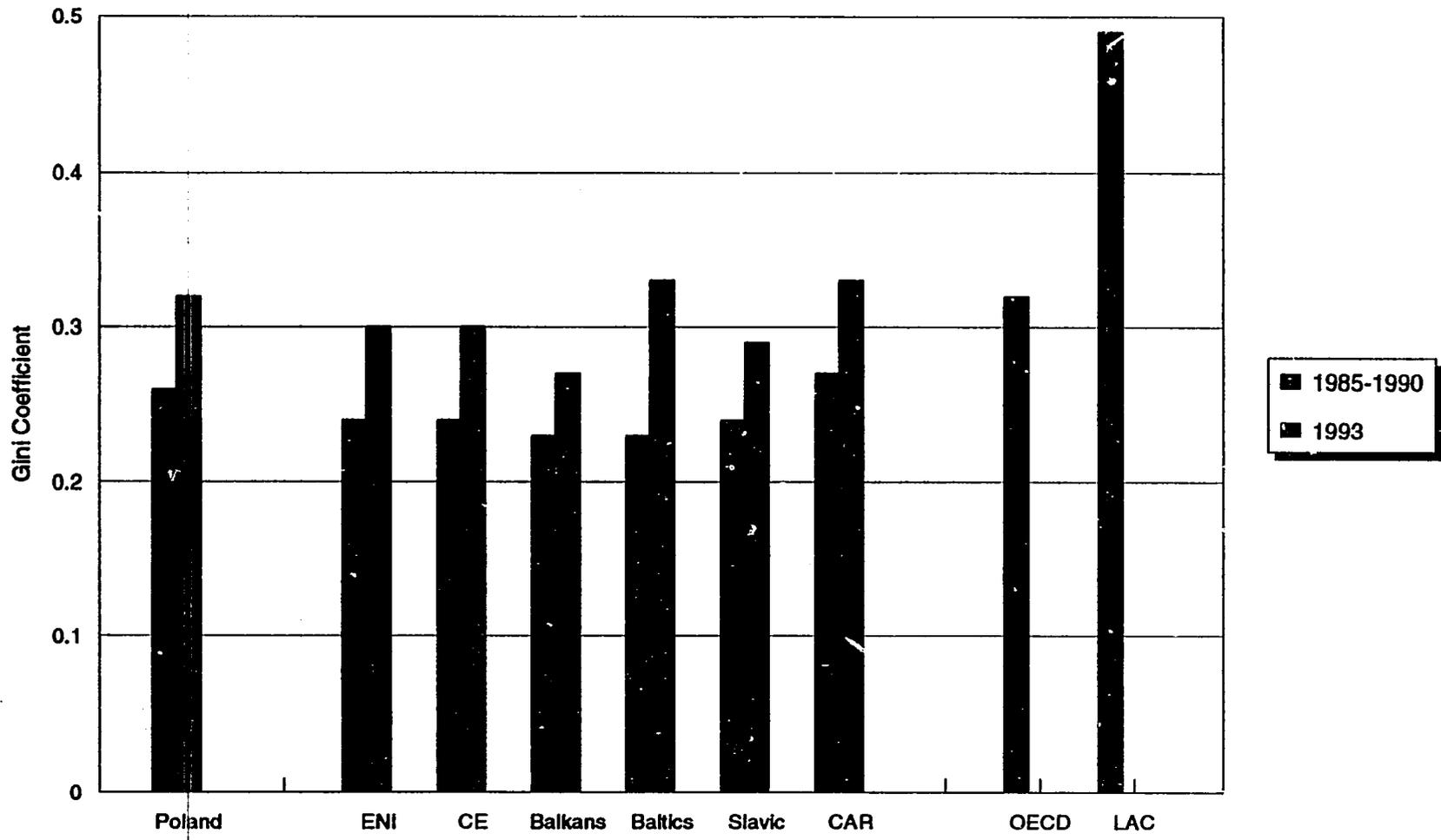
12. G. A. Cornia, "Poverty, Food Consumption, and Nutrition During the Transition to the Market Economy in Eastern Europe," American Economic Review, Papers and Proceedings (May 1994), Table 4, p. 300.

13. BUCEN (1994), Table 5.1, p. 31.
14. World Bank, World Tables, Washington, DC, 1994, electronic file.
15. International Monetary Fund (IMF), Social Safety Nets for Economic Transition: Options and Recent Experiences, Washington D.C., February 1995, Table 2, p. 16.
16. IMF, World Economic Outlook, Washington, DC, October 1994, Table 16, p. 84.
17. United Nations, The Demography of Countries with Economies in Transition, Population Division, Department of Economic and Social Information and Policy Analysis, 1995, electronic file. Between 1990 and 1994, total population decreased by 0.4% overall for the six CEE countries of Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia.
18. According to the World Bank, in recent annual editions of the World Development Report, the crude death rate (per 1,000 population) in Poland has been 10 for the years 1989, 1990, and 1992, and 11 in 1991.
19. United Nations (1995).
20. BUCEN (1994), appendix tables, p. 79.
21. Calculated from IMF, World Economic Outlook (1994), Table 18, p. 85 and BUCEN (1994), appendix, p. 79.
22. BUCEN (1994), Table 3.2, p. 23.
23. IMF, World Economic Outlook, 1994, Table 18, p. 85.
24. BUCEN, Populations at Risk in Central and Eastern Europe: Report #2: Employment and Unemployment Washington, DC., February 1995, p. 96.
25. Milanovic (1995), p. 13.
26. World Bank, Poverty in Poland, vol. 1, September 1994, Table 2.23, p. 35.
27. BUCEN (1995), p. 23.
28. BUCEN (1995), p. 23.
29. BUCEN (1995), p. 21 and Appendix II, Table 2.
30. This section is drawn from BUCEN (1995), Section III, pp. 29-33.

31. IMF, World Economic Outlook (1994), Table 17, p. 84.
32. Milanovic (1995), Table 6, p.32
33. Milanovic (1995), Table 8, p. 41.
34. Milanovic (1995), p. 21.
35. BUCEN (1995), p. 23.
36. BUCEN (1994), Table 6.1 p. 35.
37. BUCEN (1994), p. 33.
38. Milanovic, Poverty in Transition, first draft, October 11, 1994 (to be Chapter 5 of forthcoming Income, Inequality and Poverty during Transition), p. 47.
39. BUCEN (1994), Table 1.1, p. 11.
40. BUCEN (1994), appendix, Table 8, p. 90.
41. BUCEN, Women in Poland, Population Division, International Programs Center, 1995, p. 8. World Bank data show a lower incidence of infant mortality: from 12 infant deaths per 1,000 live births in 1989 to 9 infant deaths in 1992. World Bank Social Indicators of Development (1994), electronic file.
42. World Bank Social Indicators of Development (1994).
43. BUCEN (1995), p. 23.
44. World Bank, Poverty in Poland (1994), vol. 1, p. iv.
45. Milanovic (1995), Table 12, p. 57.
46. BUCEN (1995), appendix, Table 7, p. 101.
47. BUCEN (1994), appendix, Table 10, p. 92.
48. World Bank Poverty in Poland (1994), p. 93.
49. BUCEN (1995), appendix, Table 4, p. 96.
50. BUCEN (1994), Table 1.1, p. 11.
51. BUCEN (1995), p. 23.
52. USAID/ENI, Women's Resource Book (second edition, 1995), p. 132.
53. BUCEN, Women in Poland (1995), pp. 6-7.

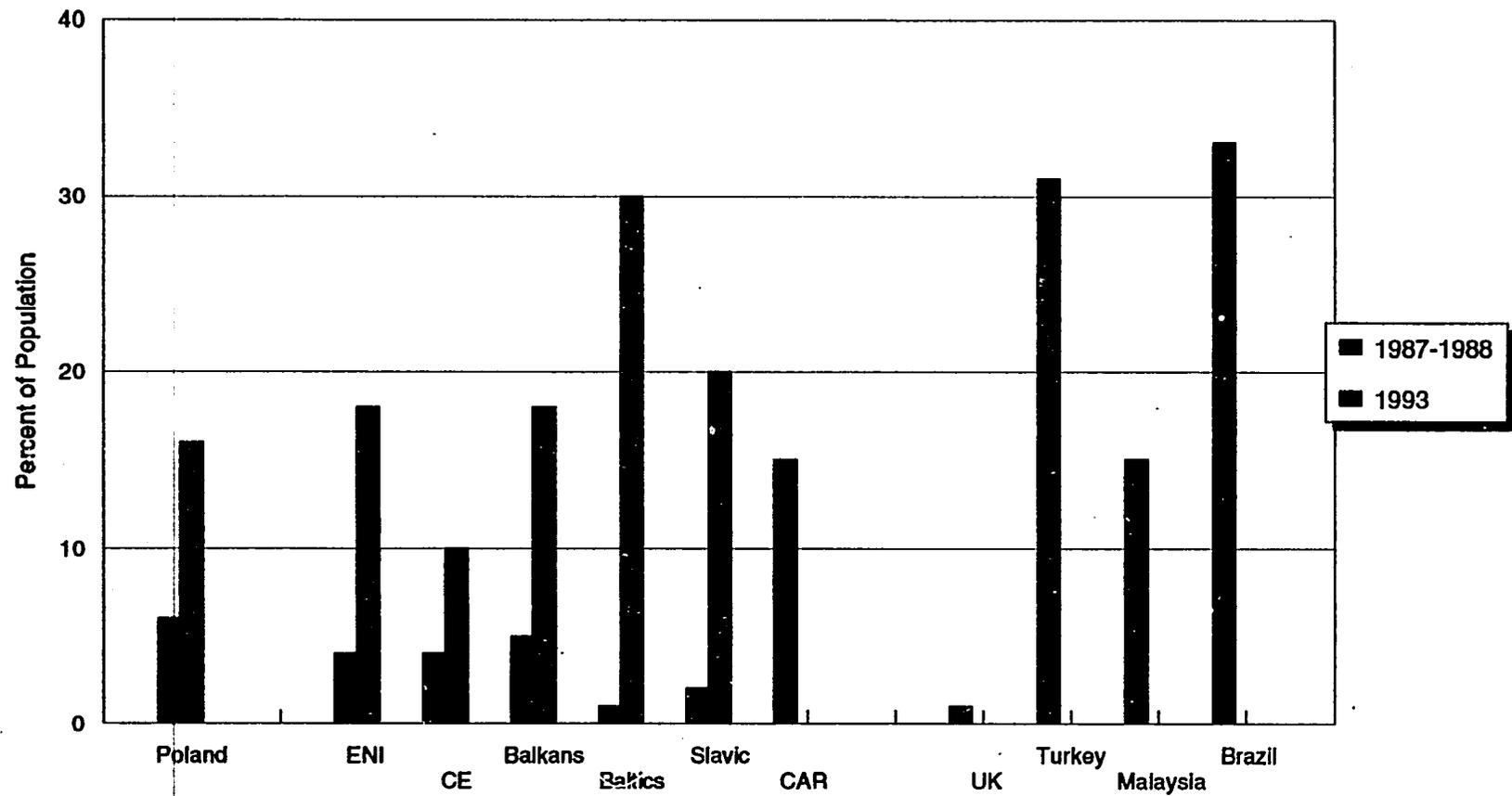
54. Milanovic (1995), p. 24.
55. World Bank, Social Indicators of Development (1994), electronic file.
56. United Nations (1995). Also drawn from J. Pomfret, "Rich and Poor Women Postpone Childbearing in Eastern Europe," Washington Post (February 13, 1995).
57. United Nations (1995).
58. World Bank, World Tables (1994).
59. BUCEN (1994), p. 28.
60. See ENI Women's Resource Book (1995), pp. 2-9 for a good overview.
61. BUCEN (1994), appendix, p. 90.
62. BUCEN (1994), p. 11.
63. BUCEN (1994), Table 3.2, p. 23.
64. Milanovic (1995), p. 34.
65. Milanovic (1995), Table 6, p. 32.
66. Milanovic (1995), Table 7, p. 37.
67. IMF, Social Safety Nets for Economic Transition: Options and Recent Experiences, Expenditure Policy Division Staff, February 1995, Table 4, p. 22; and Milanovic (1995), Table 7, p. 37.
68. BUCEN (1995), p. 23.
69. BUCEN (1995), pp. 98-99.
70. BUCEN (1994), p. 13, and appendix, p. 91.
71. Milanovic (1995), Table 3, p. 24.
72. BUCEN (1994), appendix p. 92.
73. For a good overview of these issues, see USAID/ENI/PCS, Social Systems Restructuring in Post-Communist Transitions, Draft Strategy for USG Assistance, March 2, 1995.

Figure 1
Income Distribution



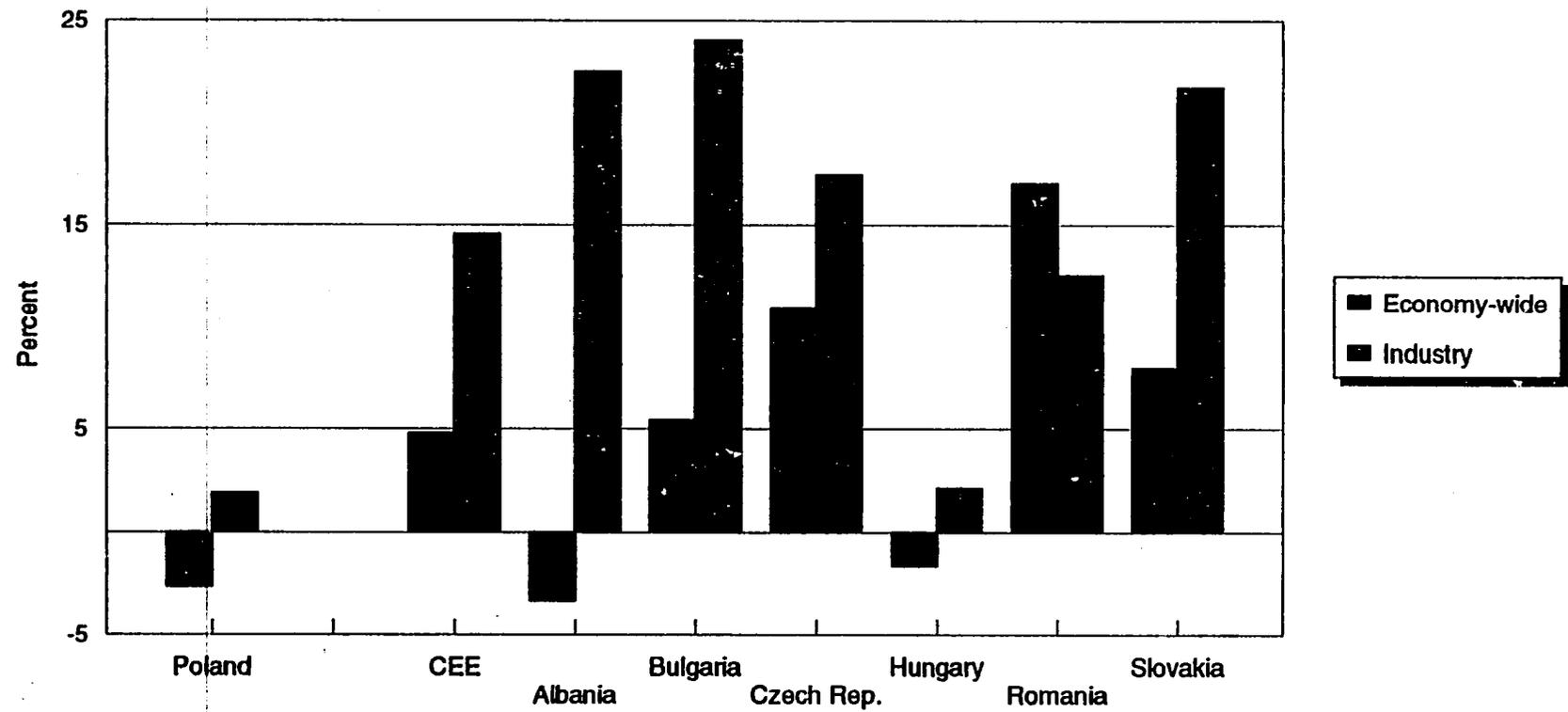
Sources: Milanovic (1995) and Sprout & Weaver (1992)
Data are population-weighted.

Figure 2
Absolute Poverty



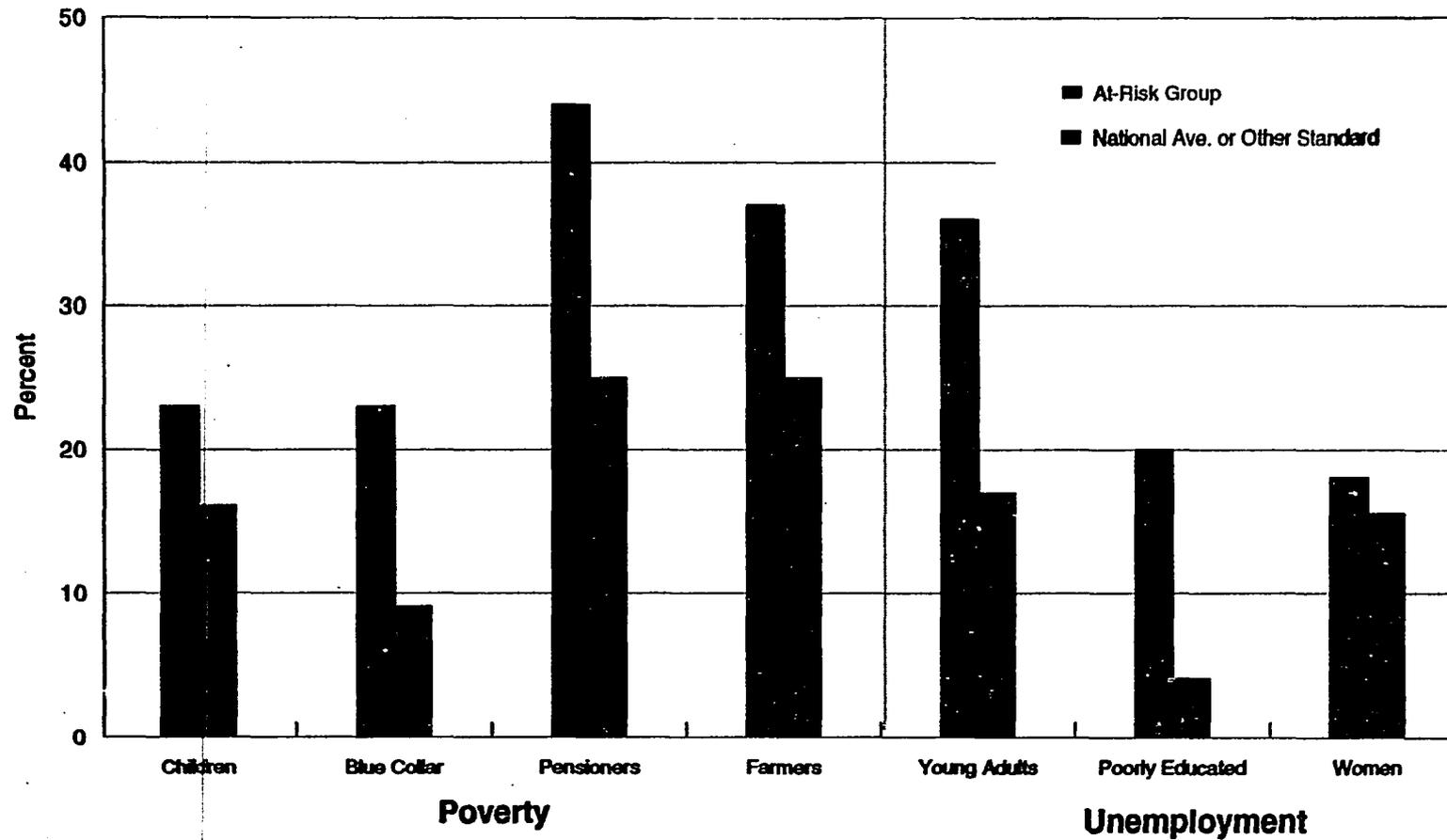
Source: Milanovic (1995)
Data are population-weighted

Figure 3
Labor Hoarding Growth Indices (1989-1993)



Source: BUCEN (1995).

Figure 4
At-Risk Groups in Poland: Poverty & Unemployment



Sources: BUCEN (1994 & 1995) & Milanovic (1994 & 1995).

Poverty categories: For children: absolute pov. against the nat'l average; for pensioners living alone and farmers: relative pov. vs. nat'l ave.; for blue collar workers: relative poverty vs. that of white collar workers. Unemployment categories: For young adults: against the nat'l ave.; for poorly educated: against that of college educated; for women: against that of men.



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

May 24, 1995

MEMORANDUM

TO: See Distribution

FROM: ENI/PCS/PAC, Deborah Prindle *for* Ron Sprout

SUBJECT: Country Progress Indicators Report:
Quality of Life/Social Sector Restructuring in Poland

This report is intended to serve as a prototype for a series of ENI country reports that will examine social indicators of development during the transition to a market-oriented economy. Here, we focus on Poland in two ways. We first look at the issues--of distribution, poverty, demography, labor markets, social policy, and environmental pollution--in the aggregate, and compare how well Poland is faring relative to other countries of the region. We then examine the impact of the transition in Poland on those groups commonly perceived to be the most at-risk. This includes the young and the old, the working poor, women, and the rural populace.

We welcome your comments and suggestions, and ask that you please direct them to Ron Sprout, ENI/PCS/PAC, Room 3320A NS, tel: (202) 647-3806.