

SOCIAL POLICY AND POVERTY AND INCOME INEQUALITIES IN POLAND IN 2008-2020

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Purpose: The publication discusses the problems of poverty and income inequalities in Poland against the background of the European Union in terms of the possibility of the influence of social policy on reducing the size of these negative phenomena.

Design/methodology/approach: Three basic indicators were used: the number of people at risk of poverty or social exclusion, the rate of material deprivation and the Gini coefficient of income inequality. In addition, the development of three basic categories of poverty was presented for Poland: extreme (subsistence minimum), relative and statutory.

Findings: As for the categories of poverty in Poland in the period under review, it can be concluded that two of them (extreme poverty (subsistence minimum) and statutory poverty) were characterized by a relatively high level of stability (except for the case of a significant increase in statutory poverty in 2013), while the third one (relative poverty) demonstrated a fairly clear downward trend. With regard to the three indicators characterizing the effects of the EU governments' social policies, it should be noted that the situation of Poland is relatively good/average as compared to the other 25 EU member states.

Research limitations/implications: Limited comparability due to methodological differences in the measurement of the basic categories examined in the study. In addition, no data for the UK and Italy.

Practical implications: Material for the analysis of the effectiveness of social policy and the basis for its development by the governments of the EU countries in the future.

Social implications: The basis for conducting inclusive social policy leading to the improvement of the quality of life of EU citizens.

Originality/value: Combining theoretical aspects with the practical comparative analysis of social policy effectiveness indicators. The article is aimed in particular at economic analysts and politicians.

Keywords: Social policy, poverty, income inequalities.

Category of the paper: Viewpoint/case study.

1. Introduction

Along with fiscal and monetary policy, social policy is one of the basic types of macroeconomic policy. This policy pursues a wide variety of objectives, among which the following can be singled out in particular: elimination of poverty, prevention of social exclusion, equitable social development, reduction of income inequalities, etc. There are very many definitions of social policy, most of which are based primarily on the concept of the welfare state. This study focuses on its impact on two phenomena that are particularly painful for society, i.e. poverty and income inequalities, which can be reduced through the skillful use of social policy tools. Chapter two of the study presents the definitions, conceptual scope and goals of social policy. On the other hand, it discusses the origins and historical development of EU social policy, as well as the models of this policy implemented by EU countries. Chapter three, in turn, presents the general characteristics of poverty and income inequalities as well as methods/ways of measuring of these phenomena. Chapter four presents the development of the basic categories of poverty and income inequalities in Poland in the period 2008-2020. The summary (Chapter five) contains the most significant conclusions resulting from the considerations carried out in the article.

2. Discussion

2.1. Definition, conceptual scope and goals of social policy

Etymologically, social policy constitutes a kind of art of selecting social goals, as well as the ability and skill to achieve them (Encyclopedia of Political Science, 1999, p. 233). In the critical current, it is such activities through which power can be maintained by achieving social goals. In particular, the nature of social policy is determined by such factors as political, social (including demographic), as well as technical or economic conditions, among others. Cultivation of the science of social policy is intended to indicate the principles of selection of means and methods appropriate for the realization of planned goals. In practical terms, the science of social policy presents the institutions, mechanisms and instruments of influence of public institutions on society and the economy. In broad terms, it deals with the methodology of preparing and making appropriate decisions in the social area (Dobrowolski, 2017, pp. 159-173). Selected definitions of social policy, formulated between 1891 and 2015, are presented in Table 1. Attention should be drawn, first of all, to their multifaceted nature taking into account the various aspects and objectives of its impact on the economy, as well as the role of various institutions responsible for its implementation.

Table 1.
Selected Polish definitions of social policy

Author	Definition
W. Zawadzki	The purpose of social policy is to raise the welfare of the working classes with moderate democratization of social relations and development of social legislation.
S. Głabiński	It aims to ensure peace and harmony among the social classes.
A. Rajkiewicz	The activity of the state and other entities shaping the conditions of work and existence of the population.
K. Secomski	It aims to ensure, through direct shaping and indirect influence, comprehensive social progress, universality and equal access to social benefits, as well as gradation and optimization of the rate of desired social changes.
J. Rosner	A tool for the state and social organizations to shape the conditions of work and existence, as well as social relations.
W. Szubert	Purposeful influence of the state, trade unions and other organizations on the existing system of social relations, aimed at improving the living and working conditions of broad segments of the population, removing social inequalities and raising the culture of life.
E. Wnuk-Lipiński	Continuous, organized and conscious activity directed at maintaining a relative balance between two values: freedom and equality.
J. Auleytner	Activities of the state, local government and non-governmental organizations aimed at bridging drastic social differences among citizens, giving them equal opportunities and insuring them against the effects of social risks.
J. Orczyk	Providing a sense of existential security.
Z. Dobrowolski	The activity of state institutions, in cooperation with social partners, aimed at determining current and future social goals, ways of their implementation and evaluation. The activity of the state consisting in setting goals and tasks and determining the means and methods of their implementation, aimed at solving social problems.

Source: R. Szarfenberg, *Criticism and Affirmation of Social Policy*, OW Aspra-Jr, Warsaw 2006, pp. 159-173 (except for the definition of Z. Dobrowolski).

Social policy pursues a certain bundle of goals. One can distinguish among them first of all: elimination of poverty, prevention of social exclusion, equitable social development, reduction of income inequalities, etc. However, all of these goals are aimed at one thing, which is to improve the well-being of members of the social community. The goal of social policy is also to ensure the stability of the state by reducing the degree of social discontent. Some authors (see Dobrowolski, 2017, pp. 159-173) indicate that its goal is to achieve equality and maximize welfare/well-being, and adopting the approach of the critical current, to legitimize social inequalities. It seems that the goal specified in this way remains only in the hypothetical sphere, since it is impossible to achieve equality through the payment of benefits and through the implementation of other social policy tasks in today's world which is characterized by a very high stratification of earned income. It is also difficult to regard as appropriate the statement that the goal of social policy is welfare maximization. Rather, one should point to a much more realistic goal in the form of poverty elimination (Dobrowolski, 2017, pp. 159-173). The fundamental goals of social policy are presented in Table 2. They are very extensive, and therefore one can speak of the existence of a complex bundle of goals, the implementation of which is very difficult in practice, primarily due to the budgetary constraints that exist in national economies, as well as due to the contradictions that exist between these goals.

Table 2.
Goals of social policy

Author	Goals of social policy
T.H. Marshall	Eliminating poverty, achieving equality, maximizing welfare.
J. Szczepański	Overcoming scarcity, seeking justice in society, ensuring living conditions in relative prosperity for all citizens.
K. Secomski	Comprehensiveness of social progress. Universality and equal access to social benefits. Gradation and optimization of the rate of desirable social changes.
W. Szubert	Improvement of living and working conditions of broad segments of the population. Removal of social inequalities. Raising the culture of life.
J. Auleytner	Bridging drastic social differences among citizens, giving them equal opportunities, insuring them against the effects of social risks.
P. Spicker	Maintaining or changing patterns of social relations.
G. Esping- Andersen	Mitigating inequality and poverty, reducing social risks and optimizing the distribution of fortune.
I. Nachsen	Protecting and supporting socially vulnerable segments of society and preventing or mitigating disorders and conflicts arising in the course of social processes.
Z. Dobrowolski	Redistribution of resources among citizens and elimination of poverty.

Source: R. Szarfenberg, *Criticism and Affirmation of Social Policy*, op. cit. pp. 27, 162, 166 (except for the goals of Z. Dobrowolski).

2.2. Origins, historical development and models of EU social policy

The definitions of social policy presented in the previous section are based primarily on the concept of the welfare state and on the following two premises:

- 1) a state that provides a minimum level of income, food, housing and education, with public support for each citizen as a political right rather than a manifestation of charity (Wilney, 1975, pp. 584-586),
- 2) a state that does not feed, clothe or house, but provides conditions in which citizens are able to provide everything they need to achieve so-called civic efficiency (Giddens, 2006, p. 20).

Modern social policy can be defined as one of the public policies that serves to correct market mechanisms in order to achieve comprehensive welfare/well-being of all citizens, taking into account the existing socio-economic inequalities. The state pursues economic goals related to the growth of the general standard of living and social goals to ensure the universality of prosperity and its even distribution among the population of a country, as well as the strengthening of economically most vulnerable groups (Szarfenberg, 2009). Social policy understood in this way is implemented through various specific policies, such as social security policy, health care policy, employment policy, education policy, labor protection policy, family policy, housing policy and cultural policy (Zgliczyński, 2017, pp. 37-58).

Common features of social policies implemented by EU countries include: emphasis on social protection according to the logic of compensation for lost income, ex-post benefits for traditional social risks (old age, illness, disability, unemployment, homelessness) and needs; the essential role of "passive" transfers during periods of unemployment for various reasons, the residual nature of the remaining forms of social protection and, above all, protection from poverty, focus on households and maintaining the importance of care services provided by

women in the family, and leaving the sphere of education and training outside social protection (Zgliczyński, 2017, pp. 37-58).

The European social model is a common denominator for national social policy models in Europe. It can also be called a European model for the organization of public life, the components of which include in particular: a universal right to a minimum standard of social security, developed structures for social dialogue, and relatively equal wages and incomes.

3. Methods

3.1. The essence of the phenomena of poverty and income inequalities

3.1.1. Poverty

Poverty can be understood in absolute or relative terms. The category of poverty in absolute terms is based on the concept of the state of satisfaction of needs, defined in terms of quantity and value. Economic entities (individuals, families, households) are defined as poor when their needs are not sufficiently satisfied. The level of their satisfaction is not related to the level of satisfaction of the needs of other members of society. According to the views of proponents of the absolute approach, the problem of poverty can be considered solved when the basic needs of all members of society are satisfied. Poverty in the absolute sense can disappear by ensuring an adequate rate of economic growth. It should be noted, however, that the absolute approach always carries a certain amount of relativism, since the determination of the "basket" of needs covered by the poverty category and the minimum level of their satisfaction always depends on the level of socio-economic development of a country.

In contrast, the category of poverty in relative (relativistic) terms is based on the reference of the level of satisfaction of the needs of individuals to the level of their satisfaction by other members of the community. Poverty in this case is identified with excessive differences in the level of satisfaction of social needs. In this sense, the phenomenon of poverty cannot be completely eliminated, but only diminished, as a result of reducing the level of satisfaction of these needs (Panek, 2017, pp. 5-6).

3.1.2. Income inequalities

Depending on the ideological assumptions made, socioeconomic inequalities are considered either a basis for the functioning of the social system or an undesirable problem (Zwiech, 2013, p. 90). Ideological assumptions based on the currents of elitist, meritocratic, egalitarian ideologies imply the emergence of three approaches to these inequalities - legitimizing inequality as a phenomenon immanently inherent in the order of the market economy with acquiescence to any level of these inequalities, lack of approval for them with the assumption of the necessity for systemic solutions to eliminate them, or conditional acquiescence to inequalities with the definition of conditions limiting the growth of inequalities and their acceptable limits (Zwiech, 2016, pp. 30-31).

3.2. Criteria for defining poverty

The choice between interpreting poverty in an absolute and relative way, and making a choice between objective and subjective ways of measuring poverty do not constitute the end of the procedures of choices enabling one to measure poverty. The next decision, as difficult and controversial as those made in the previous stages, is to determine the criteria for poverty. Studies of the phenomenon of poverty conducted until the 1970s were dominated by the classical approach, based on monetary indicators, whose foundations were laid by the Material Prosperity School. In this approach, the assessment of the level of satisfaction of needs was carried out solely through the prism of incomes (expenditures). Gradually, however, the view that the identification of the poor based solely on the category of income is far from sufficient began to gain more and more adherents. This was not just about the fact that the income declared by individuals and families (households) participating in the empirical studies was underestimated. Far more important was the belief that poverty is a multidimensional phenomenon and that non-income factors should also be taken into account when identifying it. These views were reflected in the evolution of the definition of the poverty category itself. The multidimensionality of the concept of poverty is pointed out, among others, by the authors of a report containing recommendations for the countries of the European Union, in terms of indicators of poverty and social exclusion (Atkinson et al., 2002). The summary of considerations regarding possible ways to analyze the sphere of poverty is presented in Figure 1. This analysis is based on two principal approaches: the classical one which emphasizes incomes and expenditures, and the multidimensional one which takes into account additional non-income factors.

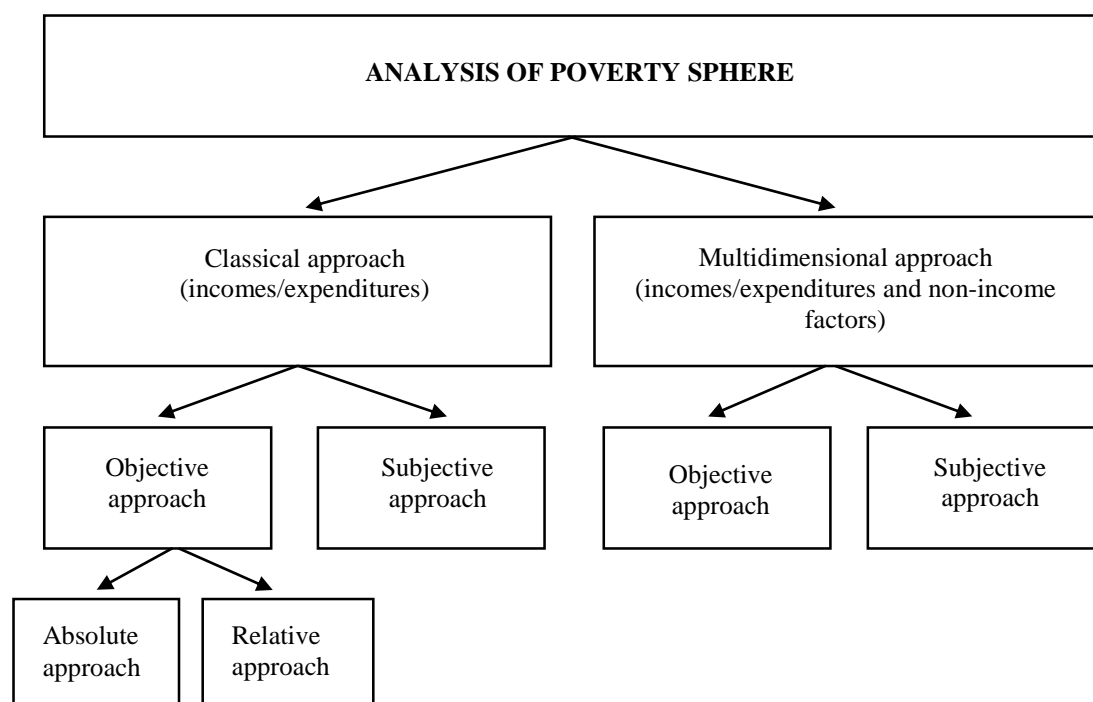


Figure 1. Ways of analyzing the poverty sphere - general approach.

Source: Panek, 2017, p. 7.

3.3. Methods/ways of measuring poverty and social inequalities

Choosing a variant of the way to understand poverty is a preliminary step in deciding how to measure it and the criteria for identifying it. Deciding how to measure poverty involves choosing between considering poverty objectively or subjectively (Hagenaars, 1986). Both methods of measurement can be used in either an absolute or a relative approach. In doing so, the terms objective and subjective should not be associated with the degree of arbitrariness used in measuring poverty. In each of these measurement approaches there are some findings of an arbitrary nature.

In the case of the objective approach, the assessment of the level of satisfaction of the needs of the surveyed entities (individuals, families, households) is made regardless of their personal evaluations in this respect. Most often, such an assessment is made by experts.

In the subjective approach, the assessment of the level of satisfaction of needs is carried out by the surveyed units themselves (individuals, families, households).

3.4. Determining the extent/scale of poverty

When calculating the extent of objective poverty, the Central Statistical Office (CSO) takes into account the following limits of poverty (Dobrowolski, 2017, pp. 33-34, based on: CSO, 2013):

- 1) the relative poverty line, i.e. 50% of the average expenditures of all households,
- 2) the statutory poverty line, which, according to the current laws on social assistance, entitles one to apply for a cash benefit from social assistance,
- 3) the subsistence minimum level, as the extreme poverty line, where the subsistence minimum takes into account only those needs whose satisfaction cannot be postponed, and consumption below this level leads to biological elimination.

In addition to the one-dimensional approach, in which the extent of poverty is determined on the basis of household incomes or expenditures, one can also distinguish a multidimensional approach, where three dimensions are taken into account:

- 1) income poverty,
- 2) poverty of living conditions,
- 3) poverty of lack of balanced budget.

Households are considered to be income poor if the monthly cash income the household had (in the 12 months preceding the survey) was below the value considered the poverty threshold. The poverty line (threshold) was assumed to be 60% of the median equivalent income for the country as a whole (Dobrowolski, 2017, p. 34, based on: CSO, 2013).

The assessment of the extent of poverty of living conditions is made on the basis of a composite (aggregate) index of poor living conditions, consisting of 30 partial indicators, i.e. the failure to satisfy various needs, both of a material and immaterial nature, which are considered by the majority of the population as necessary for normal existence. For example, concerning living space per capita, possession of durable goods. In Poland, it was assumed that the occurrence of 10 negative indicators out of the 30 accepted for the calculation determines the inclusion of a household in the group with poor living conditions. The starting point for the analysis of budget imbalance poverty was a composite indicator determining the budgetary difficulties of households, including payments in arrears. A household is considered poor if at least 4 of the 7 included symptoms occurred (Dobrowolski, 2017, p. 34, based on: CSO, 2013).

Within the European Union one uses an indicator of material deprivation, which determines the state of the population at risk of poverty or social exclusion. The calculation of this indicator takes into account the inability of people to meet their needs which are considered elementary in EU member states. The indicator of people at risk of aggravated material deprivation is the percentage of people in households declaring an inability, for financial reasons, to satisfy at least 4 of the 9 expressly listed needs (Dobrowolski, 2017, p. 34, based on: CSO, 2013).

Figure 2 presents in dynamic terms the basic types of social policies aimed at addressing poverty and social exclusion. According to this figure, there are three basic objectives of the impact of these policies; (1) preventing entry into the problem, (2) helping people to get out of the problem, and (3) preventing the return of the problem. Their implementation should lead to ensuring the optimization of three basic streams: inflows, outflows and returns. They are related to the resources of poverty and social exclusion.

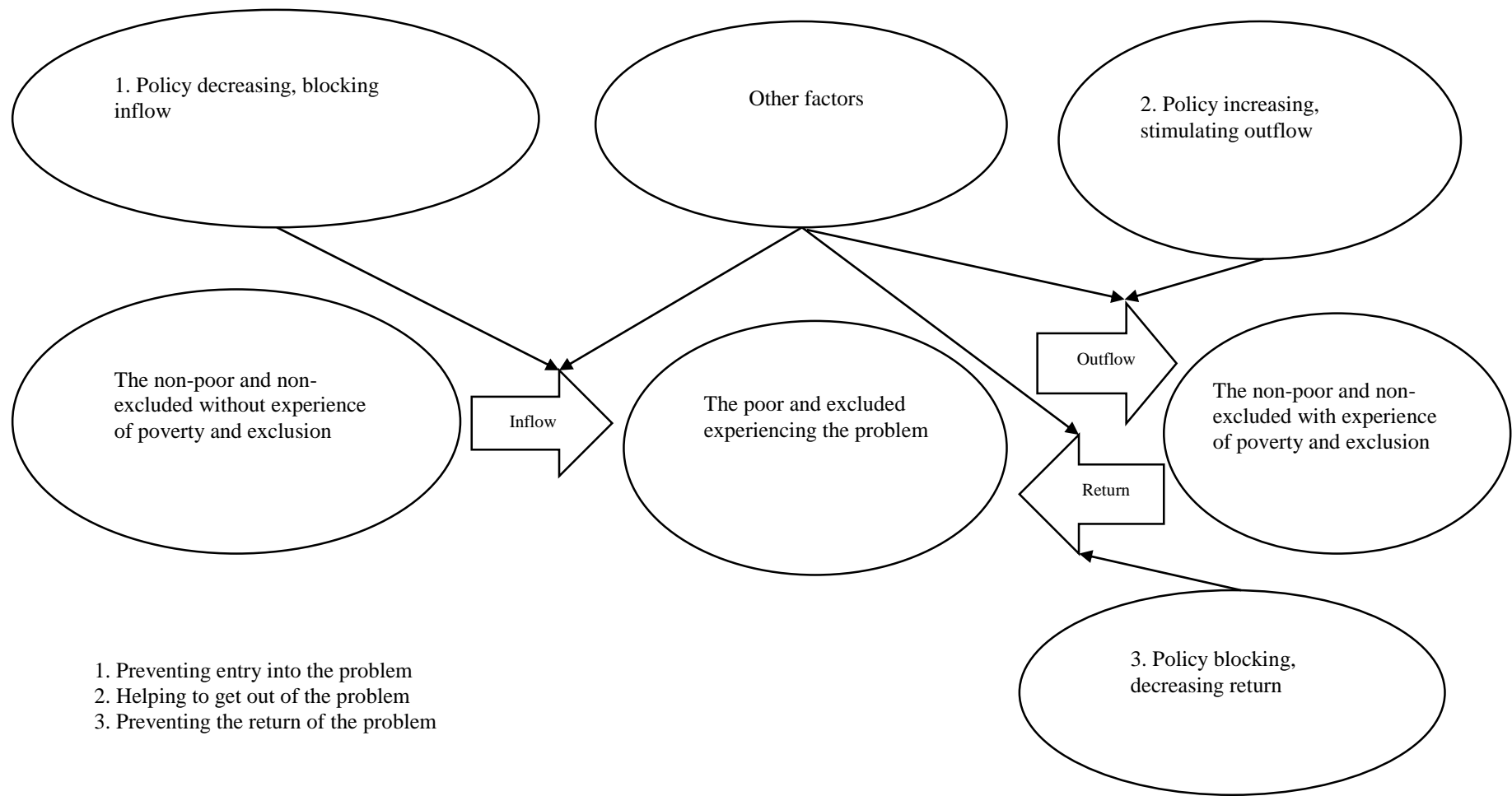


Figure 2. Three main types of social policies aimed at addressing poverty and social exclusion (dynamic approach).

Source: Szarfenberg, 2019, slide 5.

In turn, Figure 3 illustrates four principal stages of social policy impact on the extent of poverty and social exclusion: (1) existing policy, (2) its implementation, (3) changes 1 resulting from the implementation of this policy instruments in particular cases, (4) changes 2 resulting from changes 1.

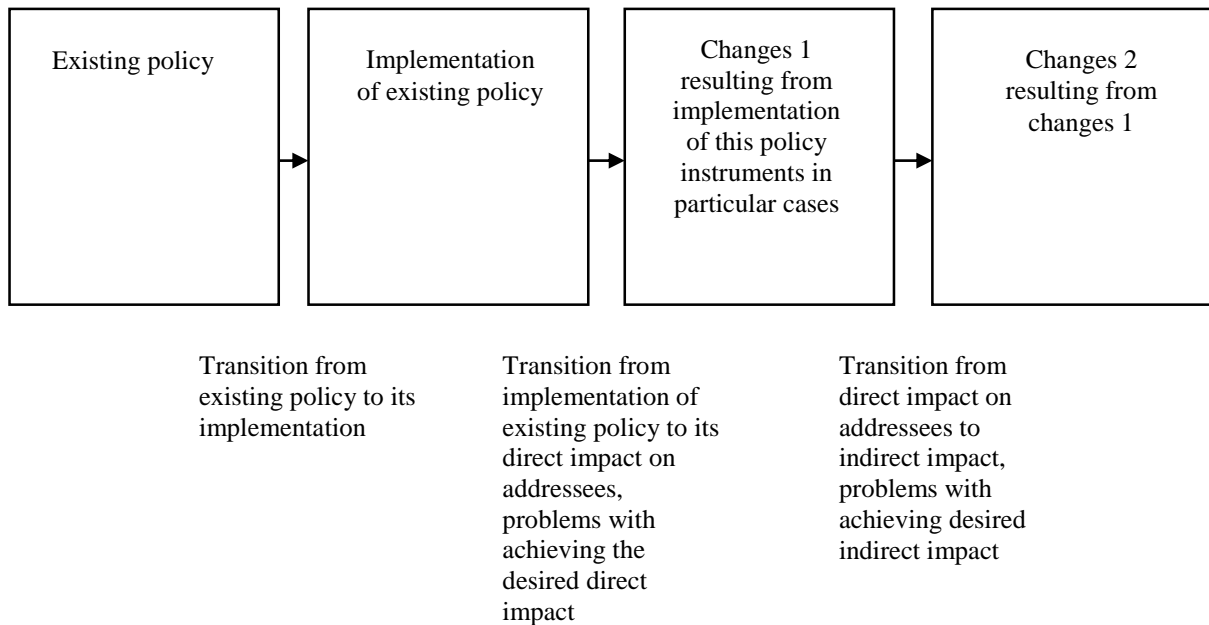


Figure 3. Model of social policy impact on poverty and social exclusion.

Source: Szarfenberg, 2019, slide 6.

Figure 4, on the other hand, presents the mechanism of impact of social policy tools on the extent of poverty and social exclusion.

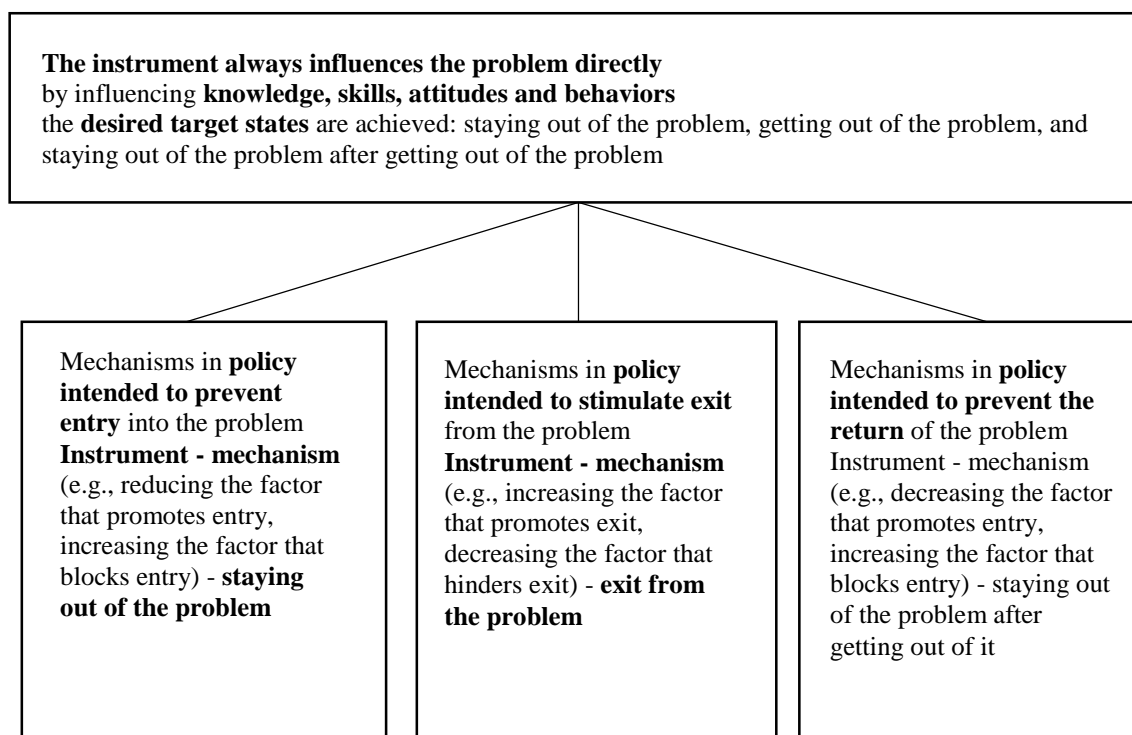


Figure 4. Mechanism of impact of social policy instruments on poverty and social exclusion.

Source: Szarfenberg, 2019, slide 7.

4. Results

4.1. Determining/defining the poverty line

The basis for determining the extreme poverty line is the subsistence minimum estimated by the Institute of Labor and Social Studies (IPiSS). The category of subsistence minimum determines a very low level of satisfaction of needs. Consumption below this level hinders survival and threatens the psychophysical development of a person. In 2020 the extreme poverty rate was 5.2%, which is 1 percentage point higher than in 2019 (CSO, 2021, p. 1).

The inclusion of the so-called "statutory limit" indicates the group of people who, under current legislation, are potentially eligible to apply for a cash benefit from social assistance. In 2020 the extent of statutory poverty was 9.1%. Thus, it was at almost the same level as in 2019 (9.0%).

The application of the relative poverty line at 50% of the amount that households in Poland spend on average per month makes it possible to single out those households and individuals whose level of consumption significantly deviates from the average level. According to this

criterion, in 2020 the relative poverty rate was 11.8%, more than 1 percentage point lower than in the previous year (13.0%). The one-point increase in the percentage of extremely poor people recorded in 2020 took place at a slightly higher level of poverty lines than in 2019. In the case of statutory poverty, the level of poverty lines in 2020 was the same as in 2019, while the decrease in relative poverty recorded in 2020 occurred at a lower level of poverty thresholds than in 2019. (CSO, 2021, p. 1)

Figure 5 shows the extent of poverty in Poland from 2008 to 2020 according to the poverty thresholds adopted in a given year.

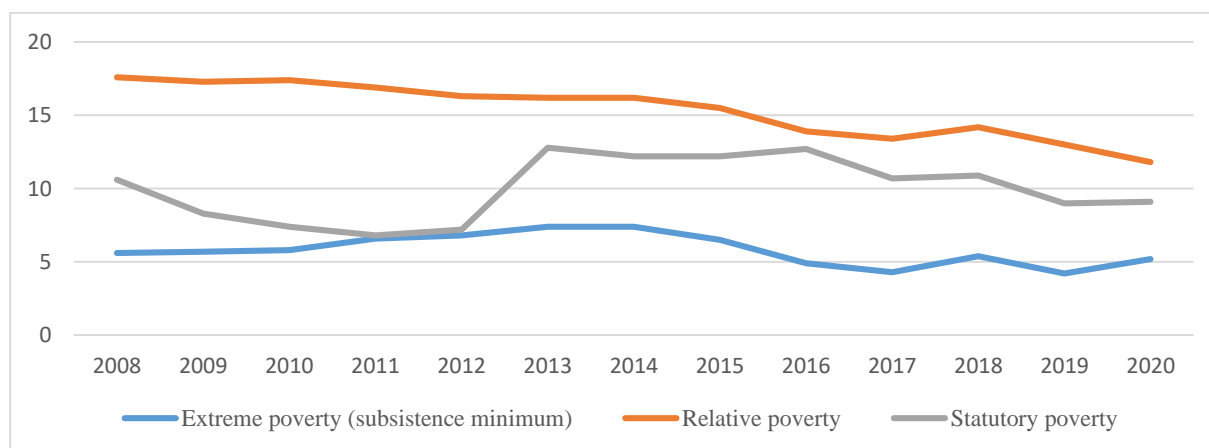


Figure 5. Extent of poverty in Poland from 2008 to 2020 according to the poverty thresholds adopted in a given year (expressed as % of people in households).

Source: own elaboration based on CSO data.

Statutory poverty lines valid in Poland in 2008-2020 are presented in figures 6 and 7.

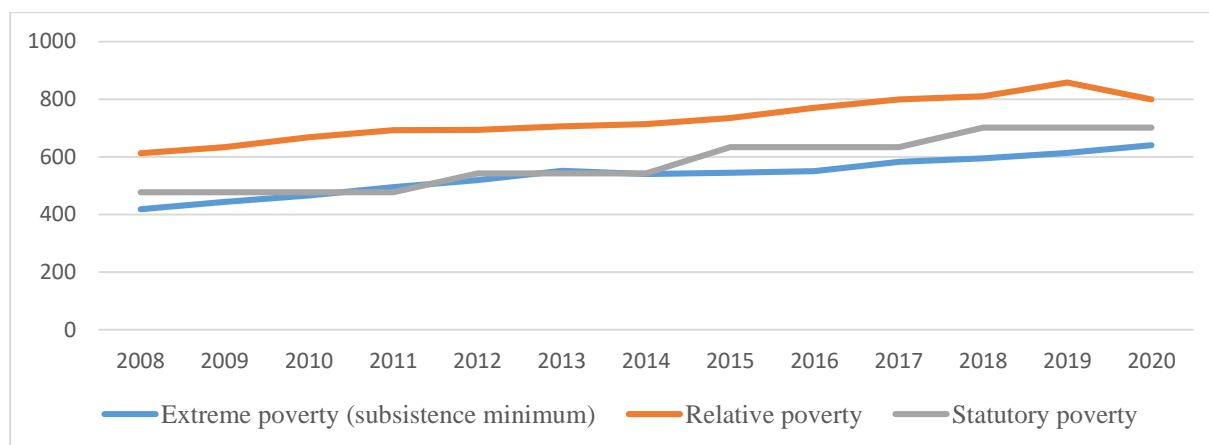


Figure 6. Poverty lines for 1-person households in Poland in 2008-2020 (in PLN).

Source: own elaboration based on CSO data.

4.2. Poverty and social inequalities in Poland in years 2008-2020 compared to EU countries

Figure 7 shows the evolution of the three basic categories of poverty in Poland between 2008 and 2020: extreme poverty (subsistence minimum), relative poverty and statutory poverty. The first and third indicators showed a slight upward trend in the period under study, while the latter was characterised by a leaping increase in some years, while it clearly stabilised after 2015.

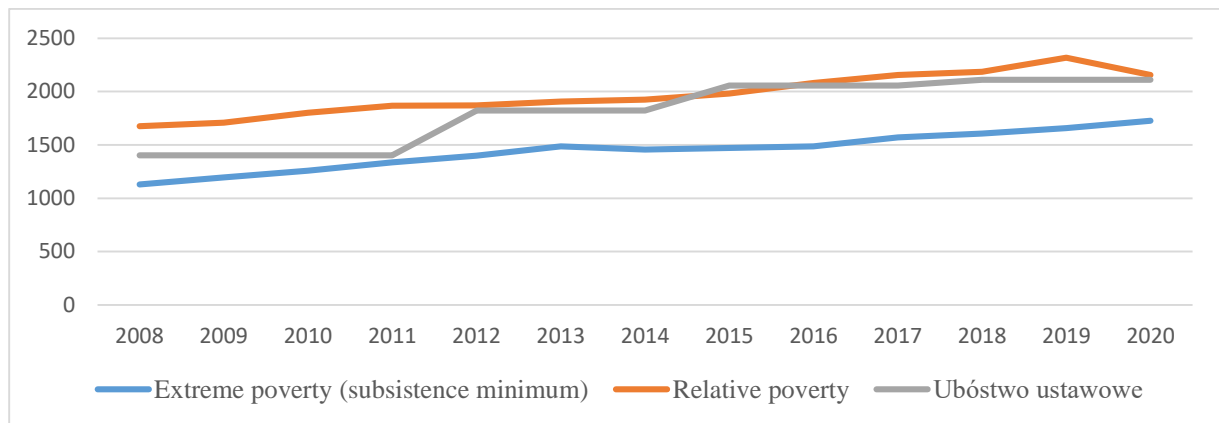


Figure 7. Poverty lines for 4-person households (2 adults + 2 children up to 14 years of age) in 2008-2020.

Source: own elaboration based on CSO data.

Figure 8, in turn, illustrates the comparison of the development of key social indicators for EU countries in 2020. For all the indicators presented, Poland is in the top eight and ahead of the most of the other CEE countries. For the first two indicators, Poland ranks seventh, while for the third, it ranks eighth.

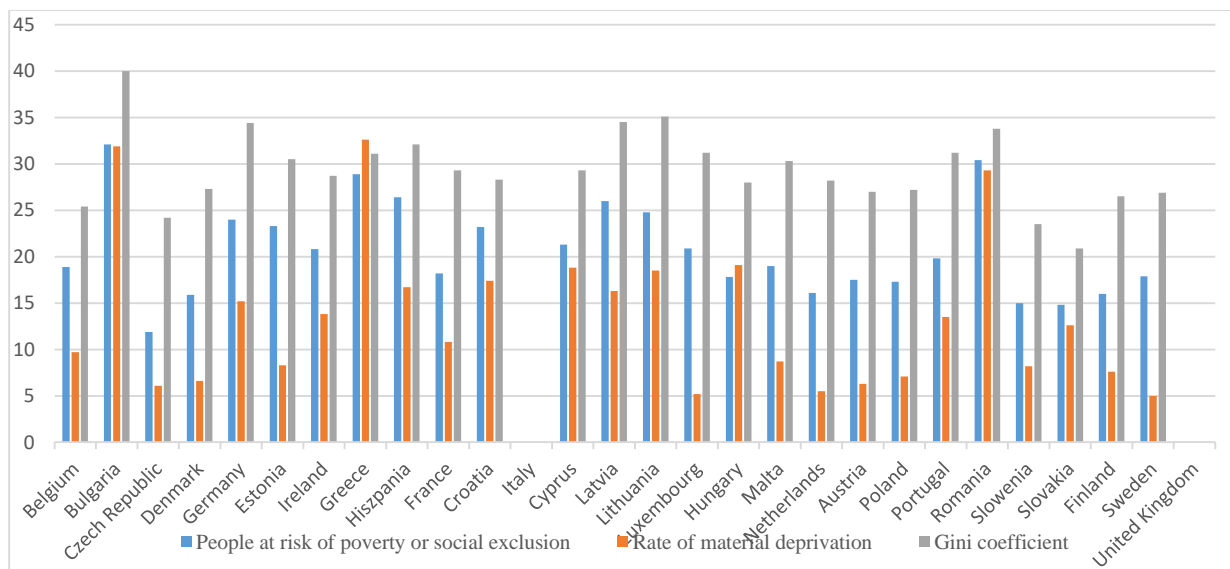


Figure 8. People at risk of poverty or social exclusion, rate of material deprivation and Gini coefficient in EU countries in 2020 (In the case of Italy and the United Kingdom data are not available).

Source: own elaboration based on Eurostat data.

5. Summary

The study presents the essence of the phenomena of poverty and social inequalities, which constitute one of the most significant threats and at the same time development challenges for the modern world. In addition, the theoretical part discusses the basic principles and models of social policy in EU countries. The empirical part, on the other hand, contains two key elements in the form of an analysis of the development of the three basic categories of poverty in Poland in 2008-2020, and a comparative analysis of the three key indicators describing the effects of social policy in 2020. As for the categories of poverty in Poland in the period under review, it can be concluded that two of them (extreme poverty (subsistence minimum) and statutory poverty) were characterized by a relatively high level of stability (except for the case of a significant increase in statutory poverty in 2013), while the third one (relative poverty) demonstrated a fairly clear downward trend. With regard to the three indicators characterizing the effects of the EU governments' social policies, it should be noted that the situation of Poland is relatively good/average as compared to the other 25 EU member states (except for the UK and Italy, for which data are not available), which was expressed in the following positions occupied by it for each of them: people at risk of poverty or social exclusion - 7th place, material deprivation rate - 7th place, Gini coefficient - 8th place.

The theoretical considerations carried out in the publication, illustrated by data regarding the development of selected indicators of poverty and income inequalities in Poland, compared to other EU countries, can provide a basis for the development of more detailed analyses in the future.

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