

Consumption and Income Inequality in Poland During the Economic Transition

by

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Abstract

This paper challenges the conventional wisdom that income inequality in Poland increased substantially following the economic transition in 1989-90. Using micro data from the Household Budget Surveys over the period 1985-92, we find that overall income inequality increased during the initial stages of the transition but then declined to pre-transition levels. The micro data also allow us to examine consumption distributions, which reveal a similar pattern. Our analysis of the micro data suggests that previous inequality measures understate the extent of inequality in the pre-transition period. However, earnings inequality did increase markedly after the transition and the relative well-being of different socio-economic groups was altered.

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