Introduction

The paper analyses income dispersion in Poland and in France, readdressing the issues approached by the author almost twenty years ago. A study conducted at the beginning of the system transition in Poland revealed the existence of a relatively low (when compared to France) income dispersion. But the income dispersion in Poland gradually grew, and by the second decade of the 21st century the Gini index was comparable to that for France, where, in contrast, it had dropped substantially by that time. Therefore, the study focused on the growing income dispersion in Poland. Additionally, a question emerged about the institutional determinants shaping the income of and the income differences between particular social groups. The objective of the study was to identify the institutional sources of the growing income dispersion. A benchmarking analysis was conducted for income dispersion in France and in Poland for the years 1975–2017 in the context of institutional transformations, especially starting from 1990.

Growing income dispersion worldwide

The world is becoming increasingly diverse in many aspects. This is especially visible in the economic dimension, and is highlighted the most in income changes. Many authors addressing the issue of dispersion in the economy point to the growing income, financial and other inequalities between rich and poor countries (Keeley,
The issues of economic inequalities have been addressed by a plethora of authors. Economists “consider social inequalities either as a functional phenomenon in respect of the social system or, on the contrary, as an undesired anomaly which should be fought by the state” (Sowa, 2019, p. 134). Most academic papers on this topic were published between 1998 and 2005 (Trannoy, 2017, p. 523). Inequality as a category may apply to various characteristics, not only economic ones. It may pertain to income, wages, consumer and investment expenses, education outlays, public spending etc. Disproportions in the distribution may be connected either with expenditures on an activity or with its results.

The OECD states that the gap between the rich and the poor continues to increase. If we compare the income of the richest 10% inhabitants of the OECD countries to the 10% poorest citizens in 2018, we obtain a ratio of 9.6. In the 1980s it was 7, in the 1990s it was 8 and, at the turn of the 21st century, it was already 9 (Global, 2018, p. 71). The growing inequalities are confirmed by the increasing Gini index for income in the majority of country groups. It is also noteworthy that country groups are becoming closer to one another in terms of income dispersion (Figure 1).

Analyses of income dispersion among European countries show that today Europeans experience higher inequalities than they did 40 years ago. Between 1980 and 2017, the income of 1% of inhabitants in Europe receiving the highest
wage grew more than two times faster than in the group with below average income. In 1980, 20% of Europeans lived below the poverty line, while in 2017 the share had increased to 22% (Blanchet et al., 2019, p. 4).

One of the economic issues under discussion is whether inequalities should be treated as a negative phenomenon that limits economic growth or whether it is harmless. “Inequality is a violation of human dignity; a denial of the possibility of everybody’s human capabilities to develop (...). It is a socio-cultural order which (for most of us) reduces our capacity to function as human beings, our health, our self-respect, our sense of self, as well as our resources to act and participate in the world” (Therborn, 2015, p. 1). The growth of inequalities leads to a number of economic, social or psychological consequences. However, no consistent model has been created to identify the consequences of inequalities for economic growth beyond doubt. Complex as they are, inequalities affect the results of economic activities through various channels and with various lags. Studies undertaken by economists present partial results for the impact of inequalities. A majority of researchers describe the negative consequences of inequalities in the economy by stating that higher inequalities affect the ability to invest as a result of a drop of trust in business or an increase in political instability, or lead to social unrest, limit the extent of human capital accumulation (groups with lower income shorten the time of education) and reduce the interest in the capital market (In It, 2015, pp. 60–61).

Studies using a database of the OECD countries by Vicente Royuela, Paolo Veneri and Raul Ramos (2014, p. 14) have shown that the consequences of income inequalities differ between various country groups as to their intensity. In European countries, the impact of inequalities on growth is stronger; growing inequalities affect the GDP per capita growth rate more than in non-European
OECD countries (Figure 2). According to OECD analysts, in a 20-year period (1985–2005), 19 of the studied countries from that organisation experienced an over 2 percentage point increase in inequalities as measured by the Gini index, and that change reduced the economic growth rate by 4.7 percentage points in the 1990–2010 period. So if the inequality ratio had remained unchanged in the studied period, the average accumulated growth in 19 OECD countries would be 33% (versus the 28% recorded in that period) (In It, 2015, p. 67).

Other economists (Li, Zou, 1998; Forbes, 2000; Keeley, 2015; Rubin, Segal, 2015) point to the positive sides of the existence of inequalities in the economy as well. They refer to the impact of income dispersion on entrepreneurship, on risk-taking and on the propensity to innovate or accumulate capital by groups with the highest income (though with limited benefits for the whole society). Taking actions to make income more equal may limit the effectiveness of resource use (and reduce the effectiveness of the public sphere) (Keeley, 2015, pp. 67–68). Friedrich August von Hayek stated that no economic development would be possible without inequalities. Economic progress is a process where some win, while others lose. Some benefit more, while others less. This is treated as a natural phenomenon. “The successful use of this entrepreneurial capacity (and, in discovering the best use of our abilities, we are all entrepreneurs) is the most highly rewarded activity in a free society, while whoever leaves to others the task of finding some useful means of employing his capacities must be content with a smaller reward” (Hayek, 2012, p. 239). One may bring up yet another argument of liberals: “Liberty means diversity and at the same time mobility. It limits the arbitrary restrictions imposed by some on others. Even though it does not prevent some from achieving privileged positions, it prevents those privileges from being institutionalised. People who are in a bad situation are guaranteed a chance of building a much better position in the future” (Gwiazdowski, 2016, p. 61). From this perspective, inequalities determine the possibility of change. Success and the extent of benefits should depend on the contribution, commitment and productivity of individuals rather than on administrative regulations of the country or mere luck (e.g. inheritance). Despite a lack of consensus on the reasons for the existence and increase in economic diversification or the consequences of inequalities, they remain an important issue addressed in academic papers in various fields.

**Income dispersion in Poland and France between 1975 and 2017**

Income inequalities in socialist countries are much smaller than in Western Europe. In the 1970s and 1980s, Poland was characterised by a lower income dispersion than France. This was because the countries had different economic systems. A centrally planned economy obviously flattened the income. System transformations such as privatisation of the Polish economy and liberalisation
of business laws motivated Polish people to set up their own businesses and to endeavour to achieve higher income and to succeed. The first half of the 1990s was characterised by the dynamic expansion of newly created companies. The system transformation triggered market mechanisms, which resulted in the growing income stratification of the population. The unemployment rate growing at the initial stage of the system transformation expanded the group of people with below-average income or living in poverty.

The group of those whose start in the new institutional environment was successful and whose income increased dynamically was also expanding. The market system introduced in Poland continued to divide society into those who capitalised on the transition (business owners) and those who incurred the largest social costs: workers, farmers and other employees. The growing economic and social inequalities were already visible at the beginning of the 1990s. A comparison between Poland and France shows that in the mid-1990s the scale of income dispersion growth in Poland exceeded the dispersion in France (Figure 3).

![Figure 3. Gini index for income in Poland and France between 1975 and 2017](https://www4.wider.unu.edu)

The underlying cause of those changes include the expansion of the income earned by the richest people in Poland, and especially the group making more than 10% of the highest income. At the beginning of the 1990s, the index for Poland equalled and then exceeded the share of people making 50% and less versus the mean value. In France, the relationship between the share of those groups was relatively stable (Figure 4).
In the case of France, inequalities remained higher than the mean value for the OECD countries in the 1970s and 1980s, and after that time they gradually started to drop. In that period, Anglo-Saxon countries (USA, United Kingdom, Canada, Australia) recorded a considerable growth in income dispersion. As a result of these processes, the level of inequalities in France in the first decade of the 21st century was lower than the mean value for the OECD countries, and is currently closer to the level for countries of continental Europe, such as Germany, Estonia, Poland or Switzerland (Frémeaux, Piketty, 2013, p. 10).

Since the beginning of the 1990s, the growth rate of income dispersion in France has been relatively slower than the European average. Income before tax per adult in France recorded a real growth of 39% in the period from 1978 to 2015 (the same growth rate pertained to 50% of those with the lowest earnings). The income
of the highest paid 10% increased by 44%, of the highest paid 1% increased by 67%, while of the highest paid 0.001% increased by 158% (Alvaredo et al., 2017, p. 21). Income of the French with the highest earnings (1% of the richest French) grew 1.7 times faster than for groups with earnings below 50% of the income. Studies conducted for a longer period in France show that income inequalities dropped considerably in the first half of the 20th century. Thomas Piketty concludes that this happened because of the owners of large fortunes, who were subject to major turbulence between 1914 and 1945. They never recovered from the losses suffered in that period. This was due to the dynamically growing rates of progressive capital taxation and to pre-tax income inequalities (Piketty, 2003, p. 1036). On top of that, spending on social benefits and social welfare increased in the post-war period faster than total income (Carré et al., 1978, p. 225).

Studies by Thomas Blanchet, Lucas Chancel and Amory Gethin (2019, p. 29) suggest that Poland is one of the European Union countries where the share of the income group from the ninth decile (10% of people with the highest income) increased the most. The growth rate for this group is also noticeable in Hungary. Although all European countries except for Belgium recorded growth in the share of the richest group, a dynamic increase in the share of this group in Poland (and the highest share of that group) is clearly visible. In France, the position of that group changed slightly over that time – the country is very close to the line connecting the hypothetical points with identical share in 1980 and 2017 (Figure 5).

![Figure 5. Share of the group above 10% of the highest income in European countries (1980 and 2017)](image)

Source: (Blanchet et al., 2019, p. 29).
The income of the group with the highest earnings in Poland especially accelerated at the beginning of the system transition. The rate of that growth is startling if we compare those changes to the figures for France. The intensiveness of income growth for the 1%, 0.1%, 0.01% and especially the 0.001% groups substantially increased the inequalities. The group of the 10% with the highest earnings (57% in Poland and 42% in France) contributed to those inequalities the most (Table 1).

<table>
<thead>
<tr>
<th>Income group (distribution of national income before tax per adult)</th>
<th>Poland</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>73</td>
<td>100</td>
</tr>
<tr>
<td>Below 50%</td>
<td>31</td>
<td>13</td>
</tr>
<tr>
<td>Central 40%</td>
<td>47</td>
<td>30</td>
</tr>
<tr>
<td>Highest 10%</td>
<td>190</td>
<td>57</td>
</tr>
<tr>
<td>Highest 1%</td>
<td>458</td>
<td>24</td>
</tr>
<tr>
<td>Highest 0.1%</td>
<td>1019</td>
<td>9</td>
</tr>
<tr>
<td>Highest 0.01%</td>
<td>2273</td>
<td>3</td>
</tr>
<tr>
<td>Highest 0.001%</td>
<td>5066</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: (Bukowski, Novokmet, 2019, p. 39).

The sources of those inequalities should be addressed. We should search for the underlying causes that could be influenced to limit income dispersion, especially once it is no longer socially acceptable.

**Institutional sources of inequalities**

The progressing income inequalities in Poland have become highly visible and the acceptance of gross differences in income is decreasing. The opinion of the public becomes especially important when it comes to individuals with very high incomes. Those earnings may be perceived as not matching the effort made or the qualifications held. This invokes public debate about the actions that the state can take to limit the substantial disproportions in wages or income.

The key concept that dominated the thinking about inequalities for many years was a theory by Simon Kuznets. Attempts may be made to explain away the faster growth of income dispersion in Poland with his inverted U-curve hypothesis. According to this theory, countries with a low income level (pre-industrial phase) are characterised by a relatively high level of inequalities. In time, economic growth reduces income-related and financial disproportions. This
happens up to a certain level of income. Simon Kuznets claims that in countries with high inequality levels in income, the inequalities begin to increase again. The growing professional specialisation increases the distance between professional groups of various qualifications. According to this theory, the price for crossing the thresholds from an economy of an average development level to a highly developed economy is the dispersion reduction for income from various sources. It seems that an important factor in limiting inequalities in those countries is the possibility of using public funds to support the poorest. So, there is no one-way correlation between economic growth (or income level) and the scale of income inequalities (Kuznets, 1955, pp. 1–28).

Empirical verification of Simon Kuznets’s theory failed to fully confirm the assumed correlations. Currently, inequalities in highly-developed countries continue to grow, even if the dispersion growth rate is much lower than it used to be, for example in the 1980s. Therefore, income changes are not in fact model-like, and observations and studies show that the relationship between inequalities and economic growth is not as direct and simple as the theory would suggest. Despite subsequent attempts to verify it undertaken by various studies, Kuznets’s theory has not been confirmed (Keeley, 2015, p. 65; Blanco, Ram, 2019, pp. 400–406; Baymul, Sen, 2019, pp. 136–167). However, there are papers relevant for Poland where the authors confirm the occurrence of similar interdependencies. For example, the calculations by Paweł Kumor partially confirm the existence of a two-way correlation between wage inequalities and economic growth. Based on data for the 1970–2006 period, he demonstrates that a wage inequality higher or lower than 28.7% slows down economic growth. In contrast, studying the reverse relationship made it possible to define the impact of economic growth on wage inequalities. It turned out that a 1% GDP growth increased wage inequalities by 0.1 percentage point in the next year (Kumor, 2009, pp. 25–26).

There is no doubt that inequalities arise and persist due to the institutional system created by society. “[T]he institutional factors strictly connected with the existence of an organisation and with the economic and political game substantially [determine] the behaviour of business entities in the market and the functioning of the economy as a whole” (Sowa, 2019, p. 138). Institutions create stimuli that influence the individuals and groups that take actions. The actions cause distribution outcomes. Distribution actions and system changes create dispersion in various aspects. The institutional system is a multi-level network of interrelations between units, and it affects the activities undertaken in the economy and society. Institutions shape the attitude to work and income. They may either dynamise or suppress any decision-making, for example as regards starting a job or pursuing an investment. In order to achieve the desired result, it is necessary to shape an appropriate set of formal (created by the state and/or by enterprises, for example) or informal institutions (self-developing).
Michał Brzeziński lists the most important reasons underlying the growth of inequalities in Europe that are mentioned in the most recent academic sources (Brzeziński, 2017b, p. 3):

1) globalisation (developed countries opening to trade with developing countries);
2) technological progress (increase in pay bonuses for highly productive employees, decrease in demand for poorly qualified workforce, labour market polarisation);
3) deregulation of the financial sector (pay increase for well-paid employees of the sector and higher returns on the capital invested in the sector);
4) erosion of labour market institutions (decreasing influence of trade unions, growing popularity of non-standard forms of employment);
5) weaker progressivity of tax and transfer systems.

Each of those reasons has an institutional dimension and is essentially connected with the malfunction of a specific institution.

In studies on the impact of globalisation on income inequalities, their authors suggest that globalisation brings economies closer to each other in terms of income but at the same time leads to income stratification within those countries. The growing inequalities in particular countries will not be withdrawn if the global integration rate is as high as it has been so far (Clark, 2011, p. 589). Other authors claim that the impact of globalisation (e.g. direct investment increase or migration) is independent of the factors of a long-term economic development (Alderson, Nielsen, 2002, p. 1280). There are also studies where no such relationship was demonstrated (Ravallion, 2018).

As such, the growth of income inequalities in Poland in the transition period must be connected with a rapid growth of wage inequalities. Wage inequalities in Poland grew after 1989 by about 70% (until 2007) (decile dispersion). The relative stability of income inequalities in Poland after 2007 was caused by changes in taxes and social benefits (e.g. a child tax credit in 2007). Wage inequalities also dropped (Brzeziński, 2017a, pp. 5–6).

One of the actions that can be taken by the state against growing inequalities is to introduce and adjust minimum wage. The relation of minimum wage to average wage is particularly important. According to studies, the Pearson correlation coefficient calculated for the relation of minimum wage to average wage and the Gini index value is: -0.6744 (Nagaj, 2013, p. 256). In France, the ratio is definitely higher: it was 61% in the 1980s, 67% in the 1980s (Malisz, 1992, p. 28), and is currently 50–51% (OECD Database). In Poland the minimum wage to average wage ratio was much lower: at about 33% in the 1970s, highly variable in the 1980s (from 13.9 to 37.3%) (Malisz, 1992, p. 30), and 43% currently (2018) (OECD Database). So it seems that minimum wage has more impact on inequalities in France, and the effect is also increasing in Poland.

The inequalities generated by the activity of the market mechanism are adjusted by the tax system and by transfers from the state budget. At the end of the 1990s, Poland introduced instruments to shield the poorest from the consequences of the transition. In time, the vast system of social transfers, including unemployment
benefits and good disability and retirement pensions, became too much of a burden
for the budgets, and so a number of shielding solutions were withdrawn (Brzeziński
et al., 2013, pp. 98–99).

Table 2. The distribution effect of taxes and transfers versus income inequalities (Gini index)
in Poland and France between 2012 and 2017

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td><strong>France</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gini index for income before tax and transfers</td>
<td>49.2</td>
<td>49.0</td>
<td>48.4</td>
<td>49.0</td>
<td>49.6</td>
<td>49.1</td>
</tr>
<tr>
<td>Gini index for income after tax and transfers</td>
<td>30.5</td>
<td>30.1</td>
<td>29.2</td>
<td>29.2</td>
<td>29.3</td>
<td>29.3</td>
</tr>
<tr>
<td>Distribution effect</td>
<td>-18.7</td>
<td>-18.9</td>
<td>-19.2</td>
<td>-19.8</td>
<td>-20.3</td>
<td>-19.8</td>
</tr>
<tr>
<td><strong>Poland</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gini index for income before tax and transfers</td>
<td>47.7</td>
<td>47.7</td>
<td>47.8</td>
<td>47.9</td>
<td>46.6</td>
<td>47.3</td>
</tr>
<tr>
<td>Gini index for income after tax and transfers</td>
<td>30.9</td>
<td>30.7</td>
<td>30.8</td>
<td>30.6</td>
<td>29.8</td>
<td>29.2</td>
</tr>
<tr>
<td>Distribution effect</td>
<td>-16.8</td>
<td>-17.0</td>
<td>-17.0</td>
<td>-17.3</td>
<td>-16.8</td>
<td>-18.1</td>
</tr>
</tbody>
</table>


The distribution effects of taxes and transfers in Poland and France have been
similar in recent years; they have a similar impact in terms of reducing the Gini
index for income after tax versus its amount before tax (Table 2). The author
believes that the social welfare programmes introduced in Poland in recent years
and at present will help reduce wage inequalities and income inequalities, mainly
by increasing the income of the poorest\(^3\). Additionally, groups with low and
average income will gradually become closer, e.g. as a result of minimum wage
increases. The social welfare programmes introduced by the government have no
material impact on income in the groups comprising the 10 or 20% of the richest
people in Poland.

Redistribution effects in France are currently much stronger than twenty years
ago or even before that (Table 2). As estimated by INSEE (Institut National de
la Statistique et des Études Économiques), the government’s fiscal policy in the
period between 1970 and 1996 helped reduce income inequalities by only 7 points
of the Gini index (Frémeaux, Piketty, 2013, pp. 10–13).

\(^3\) However, this may not be as effective as the government expected while introducing
the “Family 500+” benefit, for example. A report in 2019 suggested that the effects of the
programme were running out. For instance, it mentioned that, unlike what was expected, the
scale of poverty in Poland was not dropping and that there had been a relative drop in the val-
ue of the support when compared to the expenses incurred for children (Family 500+, 2019).
Table 3. Opinions of Polish people about inequalities between 1994 and 2017

<table>
<thead>
<tr>
<th>Assessed statements (POLAND)</th>
<th>1994</th>
<th>1997</th>
<th>2003</th>
<th>2010</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>The differences between the rich and the poor in our country are too broad</td>
<td>89</td>
<td>89</td>
<td>92</td>
<td>91</td>
<td>86</td>
</tr>
<tr>
<td>The wage differences in Poland are too broad</td>
<td>83</td>
<td>82</td>
<td>89</td>
<td>87</td>
<td>81</td>
</tr>
<tr>
<td>To achieve prosperity in Poland in the future, those who work well must be paid well</td>
<td>86</td>
<td>87</td>
<td>81</td>
<td>83</td>
<td>89</td>
</tr>
<tr>
<td>It should be the obligation of the government to reduce differences between those who are paid well and those who are paid poorly</td>
<td>71</td>
<td>70</td>
<td>80</td>
<td>77</td>
<td>76</td>
</tr>
<tr>
<td>Energetic entrepreneurs must have high income for the Polish economy to grow</td>
<td>69</td>
<td>73</td>
<td>57</td>
<td>69</td>
<td>73</td>
</tr>
<tr>
<td>Income inequalities are indispensable for economic progress</td>
<td>43</td>
<td>48</td>
<td>32</td>
<td>38</td>
<td>47</td>
</tr>
</tbody>
</table>

Source: (Stosunek Polaków..., 2017, p. 7).

Formal institutions, as the most visible elements of the institution system, work alongside invisible (informal) institutions. The latter express the rules of thinking and acting that are deeply rooted in the awareness. At the beginning of the transition, the growing inequalities were treated by society as a cost of the transformations. The growing income dispersion was a manifestation of an opportunity for development. The acceptance of the reforms in the market direction in a way meant permission to increase inequalities. Several years later, public opinion started to change. The disappointment in the social costs of the reform and in the condition of the Polish economy kept growing. The clear emergence and increase in the group that became richer, not necessarily using legitimate methods, verified the previously positive assessment of those changes. A growing percentage of society noticed the corruption and saw the high salaries of some professions in a negative light. On the other hand, a growing group of very poor people who suffered the costs of the reforms also affected the perception of the growing income dispersion (Grosfeld, Senik, 2010, p. 18). “A passive approach and the belief that nothing can be done gradually started to be replaced by greater activity by Poles, who decided to “take matters into their own hands”. The changes also resulted from the poor efficiency of the state, which was no longer able to give everything to everyone, provide jobs, fair wage, full access to public services (education, healthcare)” (Gruszewska, 2012, p. 72). The gradual reduction in inequalities in the 21st century limited the scale of the negative assessments regarding inequalities in Poland (Table 3). Despite that, Polish people are convinced that income inequalities are larger. How social inequalities
are perceived does not overlap with their actual level. Attempts can be made to identify the underlying causes for this discrepancy (Tusińska, 2017, p. 131):

- “social climate” (stimulation of sensitivity to the issues of inequalities and poverty in recent years);
- the respondents do not know some terms and compare their own income to the standard of living in Western Europe, especially in Germany;
- historical determinants – attachment to equal “division of wage”.

The issue of economic inequalities has become a subject of public discussion in the context of the social welfare programmes implemented in Poland over the past few years. Especially “Family 500+” is criticised for a lack of income thresholds and for equal treatment of all beneficiaries, which the public believes does not reduce the income differences between various social groups.

Analysis of the attitudes of the French and their opinions on the disproportions in income distribution points to the growing lack of acceptance for inequalities (Table 4). The process continued up until 2010, and then the percentage of those dissatisfied dropped slightly. The respondents claimed that people who pursued a profession matching their education should make 20% more than they do now. A half of the respondents believed that unqualified workers should be paid 25% more, while the wages of directors should be cut by 40% (Antunez, Papuchon, 2019, p. 16). The high percentage of people with a negative approach to income dispersion is the group dissatisfied with the current economic policy. They also have little trust in government institutions. Every step of the authorities that will deepen poverty or deteriorate the position of the poorest may become a source of another conflict – between society and the authorities, as with the recent “yellow vests movement” in France. An example of such a hotbed was the 2012 increase in personal income tax to 45% (France Personal..., http), followed by the introduction of a tax for the richest French (making more than EUR 1 million) and companies of up to 75%. A year later, the government gave up on that idea (Francja wprowadza, 2013), and trust in its actions dropped. Currently in France anyone who enters the highest tax bracket pays a 45% tax, and this is one of the highest tax rates in Europe. Tax proceeds now represent 46.1% of the GDP (2018), which ranks France the highest among OECD countries (Revenue Statistics, 2019).

<table>
<thead>
<tr>
<th>Assessed statements</th>
<th>2000</th>
<th>2004</th>
<th>2010</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentages of affirmative answers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inequalities have increased in the past 5 years</td>
<td>69</td>
<td>73</td>
<td>87</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>Inequalities are likely to increase in the future</td>
<td>65</td>
<td>69</td>
<td>84</td>
<td>81</td>
<td>82</td>
</tr>
</tbody>
</table>

Source: (Que pensent..., http).
The lack of social acceptance for wage inequalities and income inequalities in France stems from processes that have been taking place at least since the 2008 recession, or even earlier. The financial situation of households did not improve as much as was expected. The real value of income per capita continued to drop for several years (2011–2013), and in the next period (2015–2018) a growth of only 0.85% per annum was recorded. So it can be assumed that after the drop in the real income of households resulting from the recession, households may not have felt the slight mean annual growth in the purchasing power of their income. During the whole period from 2008 and 2018, income grew on average by less than 0.5% per annum\(^4\).

The low purchasing power of income, and especially the deterioration in the financial situation of the middle class and people in the provinces, as well as the feeling of unjust treatment of various social groups by the authorities, all led to growing social unrest and street protests. Increase in the fuel excise duty, reduction of tax for those with the highest income and withdrawal of co-financing for flat rental for the poorest were all steps the French refused to agree to. The “yellow vest protest”\(^1\)s primarily the outcome of the rage rising among the French in response to the recent erosion of their social model, which departed further and further from the French Republic’s key values – liberty, equality, fraternity” (Wójcik, 2018).

**Conclusions**

Even though some economists disagree, inequalities pose an economic and social problem. The social conflicts witnessed by the modern world confirm the dissatisfaction with the persisting income disproportions. Inequalities are relationships between people and groups arising within social and economic systems. They are rooted in cultural reasons and they are connected with processes extending from the past to the future. On top of that is the current government policy plus many various other determinants. Endeavours to limit inequalities require reorganising the whole system (Zachorowska-Mazurkiewicz, 2011, p. 27).

In France, income inequalities in the studied period dropped versus European countries, but the public still sees them as broad and unacceptable. In such circumstances, the introduction of a regulation that will fail to meet some social expectations may bring protesters to the streets to manifest their dissatisfaction. In Poland, on the other hand, income dispersion continued to grow systematically from the 1970s, its dynamic being the highest in the second half of the 1990s. Despite that, inequalities were not considered the most important issue to be tackled at that time. They were initially seen as an inevitable characteristic of the market. Opinion polls show that in the first decade of the 21th century, Polish people were dissatisfied with income dispersion the most; social acceptance for the existing inequalities slightly

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decreased after 2010. This may be connected with the growing scale of social
transfers, including actions to support the poorest and the family policy activities.
Additionally, the good economy and the systematically growing income improves
the mood of society as regards income dispersion in Poland.

Studies discuss selected institutional determinants of inequalities. The most
important instruments for the reduction in income dispersion are: taxes (both
direct and indirect), transfers to population (including retirement and disability
pension), minimum wage and social minimums. The activity of the state should be
addressed to the poorest groups. This will reduce the already existing inequalities.
Additionally, actions must be taken to reduce the inequalities at their sources of
origin in the long term. Investments in human capital (education, health, free time)
and in efficiency increase (innovation) should be stimulated as this helps improve
the performance of the economy and increase the income to be distributed. Such
solutions are more effective. As a result of those actions, income dispersion should
gradually decrease. Growth of prosperity will additionally direct the attention
away from the inequalities. The acceptance of income distribution in society
should increase and financial inequalities not be perceived as a problem.

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Brzeziński, M. (2017a). Czy Polska jest krajem dużych nierówności ekonomicznych?


Household income dispersion in Poland is growing systematically. Since the late 1970s, the Gini index has increased from 0.252 (1975) to 0.313 (2016). At the same time in France, the ratio has dropped from 0.34 (late 1970s) to 0.293 (2016). A higher income dispersion is also observed among various occupations and across genders. The ratio of minimum to average wages has increased from 33.7% (1975) to 45.45% (2019).

The research period covers the period of the centrally planned economy in Poland, when income leveling was an effect of government policy, and that of the market economy, which caused significant income disparities. The research problem is the growing household income dispersion in Poland. The aim of the study was to determine the institutional sources of increasing income dispersion. The study involved a comparative analysis of income dispersion in the years 1975–2017 in the context of institutional changes taking place in these countries, especially after 1990. The author applied a hypothetico-deductive method.

Having analysed income dispersion, the author made a hypothesis regarding the influence of institutional changes on this phenomenon and presented the groups of institutional factors. The conducted research indicated inequalities in Poland grew mainly as a result of high dynamics in the income of the highest earners (top 10% and 1%). The social policy of the Polish government may have had little impact on this factor. Moreover, the distributional effects of taxes and transfers were slightly weaker in Poland than in France. An increase in the scale of acceptance of the inequality level in Poland over the past few years is noteworthy. In France, the public opposition to inequality is growing, even though income inequality is lower than in many European countries.

Keywords: income dispersion, income inequality, minimum wage.
serwowany jest też w przekrojach grup zawodów i płci. Towarzyszy temu zwiększenie relacji płacy minimalnej do przeciętnego wynagrodzenia z 33,7% (1975) do 45,45% (2019).


Przeprowadzone badania wskazały, że nierówności w Polsce rosły głównie w wyniku wysokiej dynamiki dochodów najwyżej zarabiających (10% i 1%). Działańia rządu polskiego z zakresu polityki socjalnej w niewielkim stopniu mogły wpłynąć na ten czynnik. Ponadto efekty dystrybucyjne podatków i transferów w stosunku do nierówności dochodowych były w Polsce nieco słabsze niż we Francji. Zwraca uwagę wzrost skali akceptacji nierówności w Polsce w ostatnich kilkunastu latach. Natomiast we Francji rósł sprzeciw społeczeństwa wobec nierówności, mimo że ich skala jest niższa niż w wielu krajach europejskich.

Słowa kluczowe: zróżnicowanie dochodów, nierówności dochodowe, płaca minimalna.

JEL: E02, E25, D63.