

Income Inequality in East Europe

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This study examines certain aspects of income inequality in East Europe. Studies on income inequality in East Europe have been attempted earlier, such as, Kiuranov (1974), Michal (1973 and 1974), Wiles and Markowski (1971) and Debroy and Kulkarni (1984). Of these, the Kiuranov paper is devoted exclusively to Bulgaria, while the Wiles and Markowski study singles out Poland.¹ Debroy and Kulkarni also consider Poland alone. Michal's papers cover a number of socialist countries of East Europe. All of these studies basically concentrate on computing inequality coefficients for wage and salary and/or per capita income distributions.² As shall become apparent, our intention is to go a bit further. A second intention is to make use of the data for recent years, since the afore-mentioned studies, with the exception of the Debroy and Kulkarni one, only use data available up to the early 1970s.

SECTION 1

THE NATURE OF THE DATA

There are eight socialist countries in East Europe - Albania, Bulgaria, Czechoslovakia, the G.D.R., Hungary, Poland, Romania and Yugoslavia. In general, the data on distributions that are available for East Europe are of two types. In the first place, the frequency distribution of full time civilian wage and salary earners is given, for a selected month. The month varies from country to country. For instance, it is May in Czechoslovakia, and September in Hungary, Poland and Yugoslavia. Secondly, another frequency distribution tabulates households or individuals according to per capita annual cash after-transfers income. The data used for the present study are data of the above two categories, published in national statistical yearbooks. In a few cases, indicated accordingly, data from other sources are also used. No data were however available for Albania. And the data available for Yugoslavia were very unsatisfactory and fragmentary. Consequently, this study focuses on the other six socialist countries of East Europe, although Yugoslav data are also used on occasion. In principle, it would have been desirable to supplement data