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SOCIO-ECONOMIC ASPECTS OF INCOME DISPARITY IN SLOVAKIA[1]

Abstract: *Empirical results confirm a long-term disharmony between economic growth and the quality of life in society. In consequence of this, income disparity is most worrying, and so is its increase or the rise in the ratio of low-income groups of inhabitants and growth of poverty. Importance of income disparity (as one of the most visible forms of inequality) is in its linkage with serious economic and social processes that are taking place in last decades. Even though Slovakia has a low income disparity – the distance between bottom and top end of income structure is not extra significant in comparison with other countries, it is important to look at the importance of this problem mainly due to future social and economic development of society.*

Keywords: *income disparity, Gini index, quantile index S80/20, equivalent disposable income of households, risk rate of poverty, material deprivation*

JEL: I 31, I 32

Introduction

Income disparity is one of the most visible forms of social inequality, which is layering society into various groups, where members have at their disposal different amount of money and wealth, different level of socio-political power and prestige. From income perspective, polarisation of society is a specific type of vertical inequity. It can be given by social position, but can appear also as an inequity, which is determined by various different factors, e.g. ethnic reference, gender, age, education, profession, and ability to adjust to changes in labour market, health state, etc. In case of researching income disparity of household in classification according to social groups, the most monitored factor is size of household, its composition and life cycle.

Certain rate of inequality in incomes is inevitable for society as stimulation for adequate rewarding for talent, work effort or innovations. Strongly polarised income

disparity raises serious economic and social processes in disturbing social cohesion, creating social tensions and social exclusion, which in the end can lead to the weakening of economic growth.

No society is able to ensure income equality for all its members, but the view of increasing income disparity, which is reflected in the growing number of persons in material need and persons endangered by poverty, inadequate indebtedness of households, decrease in investments into human capital in low-income areas, increasing demands for social policy, growing debt of public financing and etc. raises dissatisfaction and concerns about the future in many members of our society.

In this relation, analysis of income disparity appears to be an important tool for preparation and implementation of necessary actions for reducing income stratification on the level of government as well as on that of authorities of territorial municipality. The relevance of researching income disparity as well as its impact to socio-economic development of society is currently stressed by the adopted Strategy for securing smart, sustainable, and inclusive growth – Europe 2020 – and the need for evaluation of the set goals.

1 Income Disparity in Slovakia

Economic theory offers several ways of researching income disparity. The best known indicators used for measuring income disparity include: the Lorenzo curve, the Gini coefficient, coefficient of income disparity S80/20, Atkinson index of disparity, Robin Hood index, Theil index of disharmony and variation coefficient. Usage of single indicators with respect to their different construction depends in large scale from the purpose and object of research they are used for, but also from the character of data which are used in specific coefficient or index.

Most of analyses focused on income disparity differentiate between two concepts of income, namely: disposable income of households (net income after taxation, or after subtraction of transfers and social insurance expenses); and the second type is market income of households, which they would have if they did not pay any taxes and social insurance expenses and did not receive any transfers – so income of households would be just salaries, capital incomes, savings and other sources from the private sector[2]. Among most empirically confirmed sources of disparities in market incomes is disparity in salaries, position on the labour market and in investment and capital incomes [9]. Disparity in salaries is influenced by minimal wage – it reduces disparity in salaries and vice versa, its growth is explained by growth for qualified workforce [1]. If we speak about the disparity in disposable incomes, it is the result of redistribution mechanism (setting socio-political mechanisms and tax system) – structural moves in the economy, business or population are not the only bearers of disparity.

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[2] Meaning of creation of this income category is the possibility to watch effect of state actions into distribution of income and other factors affecting changes of initial distribution before state actions of social and tax policy. The content of this analysis will be just the first concept – disposable income of households.

Till 1989 Slovakia or Czechoslovakia belonged to the most egalitarian countries from the perspective of incomes. The present income disparity is the result of transformation of our society, and within this transformation it is also the result of economic reform measures which have brought various social differentiations. Differentiation processes brought new stratification of our society, created differences and inequalities between the rich and the poor, between employees of different sectors but also among regions of Slovakia.

Home and also foreign studies were devoted to analysis of income differentiation in period of initial transformation of the Slovak economy.[3] Upon these analyses which came to the same conclusions we can state that at the end of 80ties and beginning of 90ies only slight income polarisation took place. Although new market conditions were being created (deregulation of the labour market, salaries creation, possibility of private entrepreneurship, etc.), and it was probable to expect opening of income scissors – due to redistributing policy this expectation was not fulfilled. Slovakia was exception from general trend of growing income disparity.

Table 1 confirms small differences in incomes using deciles of income distribution, or ratio of single deciles on aggregate income.[4] For the sake of comparison we stated also data concerning the Czech Republic upon which we can say that in the period of common state the process was almost identical. After the separation of Czechoslovakia the process in the Czech Republic was slightly different from that in years of the common republic. This fact confirms also values of the Gini coefficient[5] stated in Table 2.

Table 1

Ratio of Deciles on Aggregate Income in SK (Slovak Republic) and CZ (Czech Republic)
(year 1988 and 1993 in % value)

Decile		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1988	**SK**	5.34	6.55	7.37	8.14	8.92	9.76	10.60	11.82	13.40	17.99
	CZ	5.41	6.51	7.41	8.11	8.91	9.91	11.01	11.11	14.11	17.52
1993	**SK**	5.70	6.85	7.58	8.27	8.96	9.70	10.54	11.57	13.06	17.78
	CZ	4.6	5.9	6.6	7.3	8.0	8.9	9.9	11.4	13.9	23.5

Source: [18]

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[3] See e. g. [13], [4].
Garner, T. – Terrell, K., 1998: A Gini decomposition analysis of inequality in the Czech and Slovak Republics during the transition. In: *Economics of Transition*, Vol. 6 (1).

[4] Statistical investigation grapples with the problem of acquiring information about the frequency values for the initial and the final income interval. Respondents in both parts of the income spectrum (bottom and upper) displayed a weak or incomplete response to statistical investigation of this type. A partial elimination in the case of exact analysis of income situation shows the use of decile classification of households.

[5] The Gini coefficient is an expression in figures of the deviation of Lorenzo curve from the curve of perfect income distribution. The Gini coefficient may range with the interval of value of 0-1 a platí, the more the value of the coefficient approximates to 1, the less perfect the distribution of incomes in society. In statistics, the Gini coefficient is the most often published in percentage.

Since the beginning of sovereign SR, its income disparity has begun to increase, but in comparison with other countries we still cannot talk about big differences. The most important factor of income inequality has become salaries, thus increasing gap – the exception was the evaluation of labour in agriculture. Income disparity was affected inter alia by changes in structure and size of households. A significant role in reducing income disparities have played, as in previous years, social benefits [5].

Table 2

Income Inequality in the SK and CR according to the Gini Coefficient

	1988		**1996**		**Change**	
	Income per capita		**Income per capita**		**% difference**	
	SK	CZ	SK	CZ	SK	CZ
Gini coefficient	0,195	0,198	0,263	0,253	34.9	27-8

Source: [18], [5]

For the analysis of income inequality in Slovakia since 2005, we used a harmonized survey on income and living conditions – a database of EU-SILC (European Union Survey on Income and Living Conditions). The previous period has been assessed either on the basis of values of indicators from statistical survey Microcensus (this survey only took into consideration the cash incomes), or from family accounts statistics (monitored household expenditure). Since the EU SILC based on other methodological principles and starting points and indicators are calculated in other ways based on different assumptions, the possibility of comparing the aggregate indicators of the surveys is limited. It should be noted that EU-SILC survey (taking into account also other non-monetary components) always refers to the previous year.

With income inequality we can measure poverty or degree of social cohesion. However, if we examine income inequality and household poverty, we must first ensure the comparability of income levels of these different households. In relation to household income must take into account their anticipated needs, which can vary vastly depending on the number of household members, age structure, household members and territorial locations in which they live.

All these factors mentioned above take into account the so-called equivalent scale, which is now likely to be important, since a simple calculation of comparable equivalent household income per person has lost its prominence. This scale allows the calculation of comparable equivalent household income in terms of age and individual members (household structure) and in terms of savings of the whole household. This calculation may take into account both the structure of household

consumption (age structure[6], number of dependent children, etc.) and prevent the multimember-household getting into poverty zone and get unjustly social security benefits, and it is also used to calculate the various indicators of income inequality. A specific equivalent scale is used to calculate the number of the so-called consumer units for each household. Subsequently, total household income is converted to harmonized income level – this step is important for a correct comparison of income between households. A balanced intake can thus be defined as the proportion of the total net annual household income (including social transfers) and the number of consumer units for a given household. With balanced income calculated this way we can distinguish and sort households. Equivalent scales play therefore an important role in influencing income inequality in society.[7]

As already mentioned in the introduction, there are several options of stating income inequality. In our analysis we used the Gini coefficient and the coefficient of income inequality S80/S20 (quantile index or quintile dispersion ratio, or ratio of top and bottom income quintile) which values are summarized in Table 3.

Relatively low value of the Gini index does not show too much income inequality in the Slovak (and Czech) societies compared to other developed countries (Gini index for the EU-27 member countries was 30.5% in 2010). Values of the second index »»can be read that in 2010, 20% of the richest households in the SR had about 3.8 times higher income level than the 20% of the poorest households.

Table 3

Inequality in Income Distribution in the SR and CZ v percentách?

		2005	2006	2007	2008	2009	2010
SK	**Gini coefficient**	26,2	28,1	24,5	23,7	24,8	25,9
	S80 / S20	3,9	4,1	3,5	3,4	3,6	3,8
CZ	**Gini coefficient**	26,0	25,3	25,3	24,7	25,9	24,9
	S80 / S20	3,7	3,5	3,5	3,4	3,5	3,5

Source: [2]

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[6] In that regard, there already is criticism of the current structures of equivalent scales – see, for example [11] – virtually none of the equivalent scales used reflects changes in consumption by the elderly, although we know from experience that their consumption is reduced. As a result, there may arise a significant distortion in converting income to balanced income.

[7] EU SILC database (or Eurostat) nowadays uses just a modified OECD equivalent scale. Original equivalent scale proposed by the OECD calculated the savings from shared management and also took into account the age structure of households. The first adult is credited in full range growth factor needs 1. Each additional adult in the household is counted already modified by factor of 0.7. A child was defined as a person under 14 years and its growth rate was 0.5 needs. The coefficients are the same for any number of children in the household. The modification was due to taking into account larger scale of savings from joint management. In practice, this means reducing the growth factor requirements for additional adults and children, while the definition of children as persons in the age range 0-13 years remains the same. Modified gain coefficient is 0.5 for the needs of adult and 0.3 for the child. The scale is therefore less indulgent to larger households.

Financial and economic crisis that has paralysed the global economy, caused in our Slovak conditions growth of income inequality, and the resulting increase in the risk of poverty. In our opinion, deterioration in Slovakia's position in international comparisons is to be expected as adverse developments in these indicators is likely due to the persistence of unfavourable economic conditions.

This analysis follows the development of the disposable income of households using equivalent scales. We use category equivalent disposable income per household member. These disposable household income divided by the equivalent size household (the equivalent number of members). This income is then assigned to each household member. Based on Tables 4 and 5 and Figures 1 and 2 there can be analysed distribution of households and of persons in households into income ranges in equivalent disposable income and also to assess the dynamic of evolution in time.

Table 4

Distribution of Households according to Monthly Equivalent Disposable Income Growth and Changes in Income Distribution of Households

equivalent disposable income of household per	Households together (% shares)						Year to year changes in number of household income intervals (growth indexes)					
	2005	2006	2007	2008	2009	2010	2006/2005	2007/2005	2008/2005	2009/2005	2010/2009	2010/2005
by 100	2.77	1.39	1.21	1.10	1.02	1.12	0.50	0.87	0.91	0.92	1.1	0.40
101 – 200	13.32	9.12	4.39	3.10	2.76	3.51	0.68	0.48	0.71	0.89	1.27	0.26
201 – 300	34.25	27.75	19.44	14.32	8.90	6.81	0.81	0.70	0.74	0.62	0.76	0.20
301 – 400	25.67	29.54	29.85	28.04	24.82	15.90	1.15	1.01	0.94	0.89	0.64	0.62
401 – 500	12.57	15.53	19.75	20.07	22.12	20.94	1.23	1.27	1.02	1.10	0.95	1.67
501 – 600	5.83	7.66	11.70	14.08	15.00	16.29	1.31	1.53	1.20	1.07	1.09	2.79
601 – 700	2.49	3.83	5.92	8.45	9.06	12.79	1.54	1.55	1.43	1.07	1.41	5.14
701 – 800	1.21	1.54	3.24	4.55	5.85	8.15	1.27	2.11	1.40	1.29	1.39	6.76

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801 – 900	0.64	1.21	1.51	2.35	3.32	4.79	1.88	1.25	1.55	1.42	1.44	7.43
901 – 1000	0.27	0.61	0.82	1.38	2.63	3.56	2.27	1.34	1.68	1.90	1.35	13.12
1000 and more	0.97	1.83	2.15	2.56	4.52	6.15	1.88	1.18	1.19	1.76	1.36	6.31

Source: [2]

Figure 1 shows that the income distribution curve shifts to the right (since 2005, where 34.25% of households received €201 to €300 (the equivalent disposable income)), in subsequent years, income distribution moves through the third lowest income interval up to the fourth, where almost 21% of households receive €401 to €500 curve of income distribution has changed the shape too – the cause was the decline in annual income of households in the lowest intervals.

Figure 1

Distribution of Households by Monthly Equivalent Disposable Income
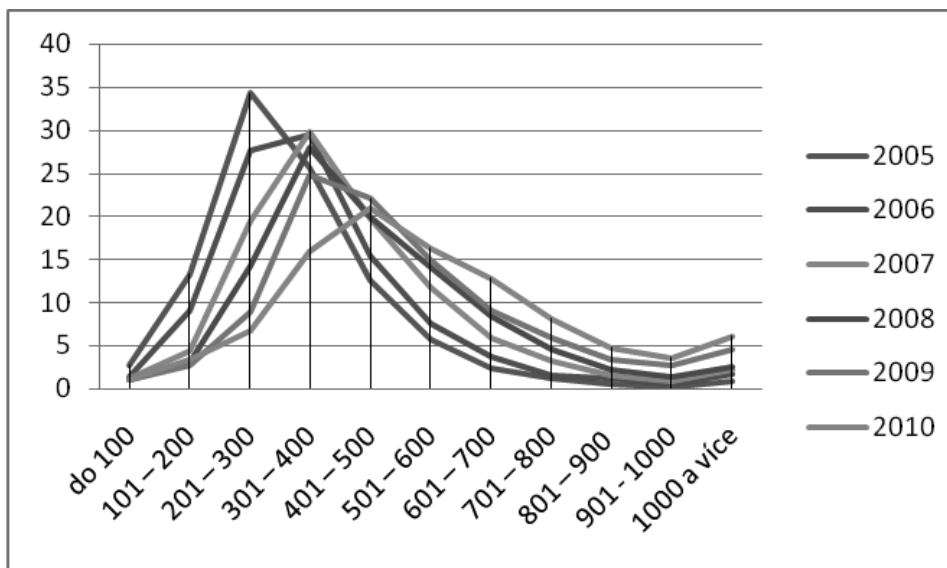
Source: [2]

Table 4 above presents the same index year to year changes for individual intervals. Frequency of household income intervals during the period varied at different speeds. In this regard, it was numbers of households in the income category range €601 and more that grew the most, with the second highest income range (€901 – €1000) which increased to 13.12 times.

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Table 5

**Distribution of Persons in Households by Equivalent Disposable Income per Month
and the Dynamics of these Changes**

Intervals according to equivalent disposable income in €	Persons in households (% shares)						Year to year changes in number of persons in household income in intervals (Growth index)					
	2005	2006	2007	2008	2009	2010	2006/2005	2007/2006	2008/20	2009/20	2010/20	2010/2005
by 100	2.47	1.57	1.20	1.11	0.99	1.12	0.64	0.76	0.92	0.89	1.14	0.45
101 – 200	13.63	9.16	5.02	3.53	3.27	3.51	0.67	0.55	0.70	0.93	1.07	0.26
201 – 300	29.76	23.75	16.27	11.70	7.92	6.81	0.80	0.69	0.72	0.68	0.86	0.23
301 – 400	27.26	29.84	27.63	24.30	20.93	15.90	1.09	0.93	0.88	0.86	0.76	0.58
401 – 500	14.50	17.61	21.80	21.96	22.18	20.94	1.23	1.24	1.01	1.01	0.94	1.46
501 – 600	6.70	8.47	13.27	16.20	17.03	16.29	1.26	1.57	1.22	1.05	0.96	2.43
601 – 700	2.74	4.16	6.52	9.30	10.00	12.79	1.52	1.57	1.43	1.08	1.28	4.67
701 – 800	1.21	1.71	3.67	5.34	6.42	8.15	1.41	2.15	1.45	1.2	1.27	6.74
801 – 900	0.62	1.25	1.67	2.50	3.61	4.79	2.04	1.33	1.50	1.44	1.33	7.78
901 – 1000	0.28	0.56	0.79	1.51	2.88	3.56	1.98	1.41	1.92	1.90	1.24	12.57
1000 and more	1.03	1.93	2.15	2.54	4.77	6.15	1.86	1.11	1.18	1.88	1.29	5.94

Source: [2]

Table 5 shows the evolution of income distribution of equivalent disposable income among persons in the household. A similar trend is obvious at first glance is from this table, but mostly from Figure 2, which was recorded for the household (with only very minor deviations).

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Figure 2

Distribution of Persons in Households by Equivalent Disposable Income
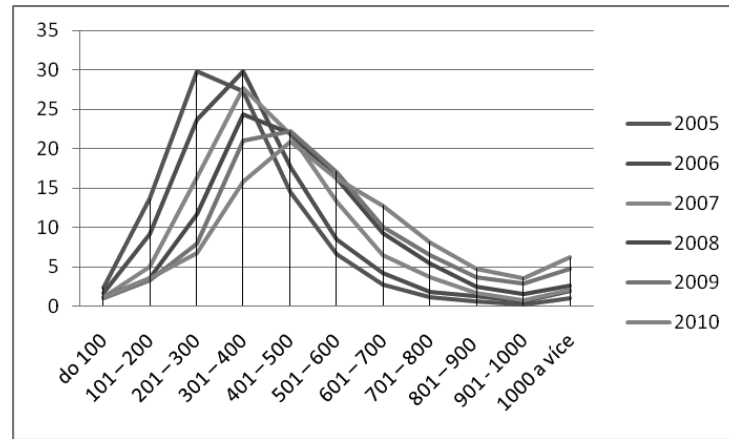
Source: [2]

For further assessment of income inequality, we used the income distribution in decile groups. As can be seen from the data in Table 6, since 2005 shares in each group have slightly increased or declined (with the exception of 2007 when 10% of households with the lowest incomes have significantly strengthened their position in 2006 – from 21.5% to 24.5%). In 2010, these shares backed to almost their original value – in 2005 20% of households with the lowest incomes concentrated 9.1% of the total equivalent income and in 2010 it was 9.3% and 20% of households with the highest incomes in 2005 concentrated 35.5% of the equivalent disposable income and in 2010 35.3%.

Table 6

Distribution of Equivalent Disposable Income of Slovak Households

	The proportion of the volume of revenues in %					
	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Decile 1	3.4	3.7	4.5	4.0	3.7	3.5
Decile 2	5.7	5.6	6.0	6.1	6.1	5.8
Decile 3	6.9	6.7	7.0	7.1	7.0	6.9
Decile 4	7.8	7.5	7.9	7.9	7.8	7.7
Decile 5	8.6	8.2	8.6	8.8	8.6	8.6
Decile 6	9.6	9.2	9.6	9.7	9.5	9.5
Decile 7	10.6	10.0	10.6	10.7	10.6	10.7
Decile 8	12.0	11.3	11.8	11.9	11.91	12.1
Decile 9	14.0	13.2	13.7	13.8	14.1	14.1
Decile 10	21.5	24.5	20.9	20.0	20.8	21.2

Source: [2]

2   Socio-economic Consequences of Income Inequality

From a macroeconomic perspective, Slovakia is not among the countries with high income inequality. This does not preclude the fact that we created large income differences between some social groups, or between and within regions.

With income stratification is being associated problem of poverty. Low income is usually the main feature of poverty, although the causes of poverty are much broader in shape. We can talk about poverty when these inferior conditions of life with special individual and social consequences. In the literature we can meet with a few concepts of poverty, which offer a variety of its definition and measurement capability. The practical definition of this category is not easy because of the absence of a uniform definition of poverty as a result of different socio-economic developmental stage at which countries are. Therefore, poverty is usually defined in relation to the standard that applies in that country.

Poverty can be seen as an expression of extreme inequality in the society. Today it is a serious socio-economic problem faced by many countries, including Slovakia. The main indicator of poverty is a risk of poverty rate, according to which the EU is at risk of poverty 16.4% of its population. According to this indicator Slovakia is among the countries least vulnerable to poverty. In Slovakia in 2010 faced the risk of poverty for low income 12% of the population, which is about 1 p. b. more than in 2009. Within the EU-27 lower ratio promoted just CZ (9%), among countries with relatively low risk of poverty (12%) belong Denmark, Hungary, Austria, Slovenia, and Sweden.

Table 7

Risk of Poverty Rate in Slovakia and the EU - 27 (%)

|	2006	2007	2008	2009	2010
SK	12.2	10.6	10.9	11.0	12.0
EÚ - 27	16.6	16.7	16.4	16.3	16.4

Source: EU SILC

In the link with the above indicators it is important to set the risk of poverty threshold, which is defined as 60% of national median equivalent disposable income. The value of the at-risk of poverty which is calculated from EU SILC 2010 was set for one-person household is €306 per month, the annual increase was 7.7 % in absolute terms €22 per month. For a household with 2 adults 2 children was the amount of €642.3 per month, annual growth was 7.9% in absolute terms €47.

In general, the most important factor determining risk of poverty is considered regional dimension, under which the lowest risk of poverty rate was observed in the population of Bratislava Region (5.1%). the highest risk of poverty were affected residents of Prešov (18.7%) and Banská Bystrica Region (16.9%).

Another important factors for risk of poverty are age and sex. Risk of poverty rate by age group and sex is showed in Figure 3. Based on the results of EU SILC 2010 were most vulnerable by poverty people in the age group from 0 DO17 years (18.8%), the least at were those aged 65 years and older (7.7%). The gender difference is mostly visible in the age group 65 years and above, where the risk of poverty is much more exposed women (10.1%) than men (3.9%).

Figure 3

Risk of Poverty Rate by Age and Gender in %
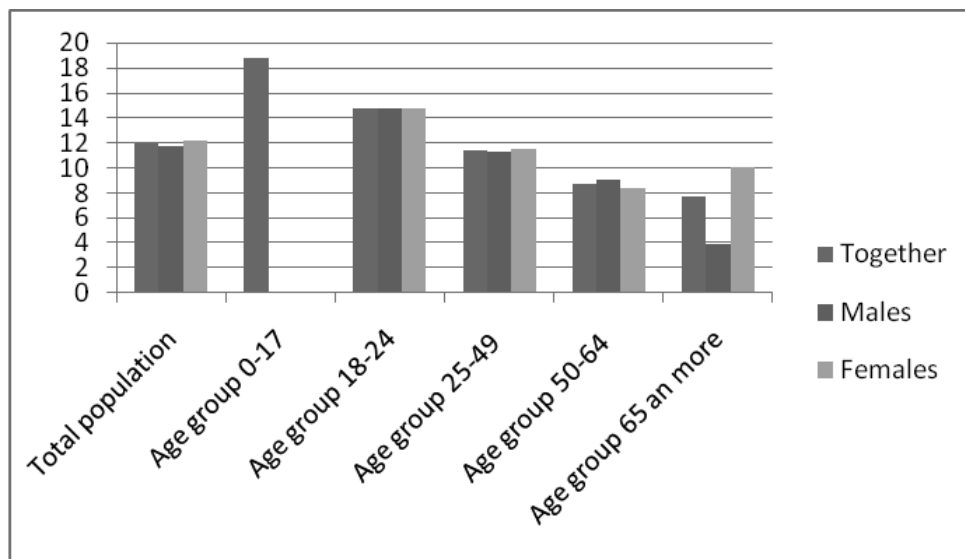
Source: EU SILC 2010

According to the type of household, in 2010 it was the households of two adults with 3 or more dependent children (29.8%) and incomplete households with at least one child (25%) the most endangered by the risk of poverty. It turns out that a higher number of dependent children in households as well as the absence of another adult member of the household in case of incomplete long-term results in the fact that these types of households are particularly threatened by the risk of poverty than households with no children.

Table 8

Risk of Poverty in SR according to the Number of Household Members in %

| EU SILC 2005- 2008	2005	2006	2007	2008	2009	2010
Households without children	8	8	7	7		8.1
Households with children	17	14	14	13		15
1-person household, men	18	20	15	19		22.2
1-person household, women	16	16	18	23		17.9
1-person household, up to 65 years	23	19	18	22		23.4
1-person household, over 65 years	12	15	17	22		15.2
Single-parent families with at least one child	32	29	26	21		25
2 adults and 1 dependent child	13	8	6	10		12
2 adults and 2 dependent children	17	14	12	10		11
2 adults and 3 or more dependent children	24	24	26	33		29.8

Source: Statistical Office of the SR

Although the quality of human life depends on the subjective experience and individual sense of satisfaction with one's life, many studies now agree that individuals have their subjective assessment of quality of life which is derived from the material sufficiency, where the amount of income has much greater impact on quality of life than for example age or gender.

One of the tools to measure individual well-being in relation to low income is a measure of material deprivation. Deprivation is the enforced lack of meeting the needs due to lack of resources in relation to the level and ways of meeting needs that are in largely available and accepted in the society.

Material deprivation rate reflects the proportion of the population (in percentage), which faces an enforced lack of at least three, or four of the nine deprivation items within the financial burden of households. It is a deprivation of the following items: the shortcomings associated with mortgage or rent and hire purchase instalments, the ability to afford yearly one-week holiday away from home, ability to afford to eat a meal with meat every other day, ability to face unexpected expenses in the amount determined as monthly national poverty line; households cannot afford a phone, households cannot afford a colour television set; washing machine, car or for financial reasons, they are unable to keep adequate warmth in their homes.

Figure 4 provides an overview of material deprivation by age and number of items identified by the EU SILC 2010. Out of the total population faced a forced shortage at least in three items of 24.9% and at least in four items was 11.4%. Enforced lack of three items was the most vulnerable children aged 0-17 years (28.9%) and people older than 65 years (28.2%). In terms of gender differentiation were of all ages more at risk women than men.

Figure 4

Material Deprivation by Age and Number of Items (%)
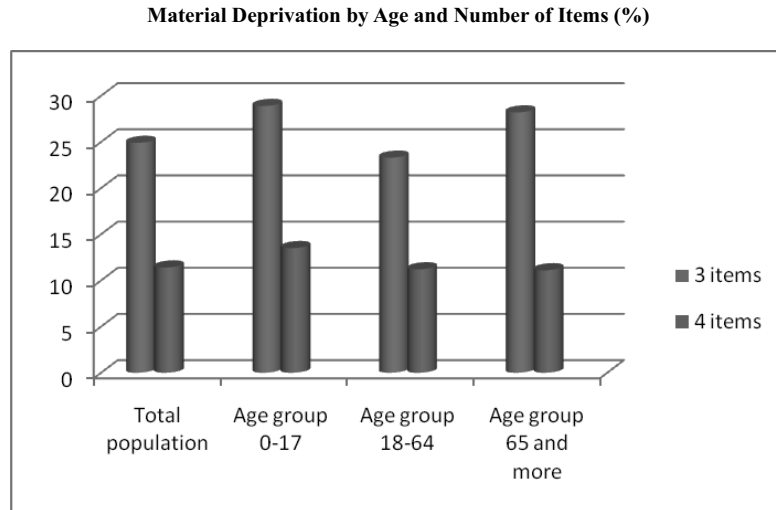
Source: [2]

The problem of deepening income inequality and poverty has already crossed boundaries of the national economy and has become a common concern of the EU. In the early 2010ies, the European Commission launched a Strategy for smart, sustainable and inclusive growth known as *Europe 2020* with the aim in the social exclusion area is to set free 20 million people from the risk of poverty and social exclusion by 2020. For the purpose of assessing this goal there has been established an aggregate indicator of poverty and social exclusion, based on a multidimensional approach to measuring poverty. This means that in addition to income poverty, material deprivation and exclusion from the labour market are taken into account.

Aggregate indicator was created by a combination of three sub-indicators as the risk of rate of poverty, degree of material deprivation and low level of labour intensity. Their values are given in Table 9.

Table 9

Development of Risk of Poverty and Social Exclusion in the SK and CZ

		2005	2006	2007	2008	2009	2010
Risk of poverty or social exclusion	SK	32.0	26.7	21.4	20.6	19.6	20.6
(by age and gender)	CZ	19.6	18.0	15.8	15.3	14.0	14.4
Material deprivation	SK	42.6	35.7	30.2	27.8	24.5	24.9
(by age and gender)	CZ	22.7	19.7	16.4	16.2	15.6	15.1
Low intensity of work	SK	6.5	6.2	6.4	5.2	5.6	7.9
(% of total population)	CZ	8.8	8.9	8.6	7.2	6.0	6.4

Source: [2]

Risk of poverty and social exclusion in Slovakia represents 20.6% of the population, representing 1,118 million people in comparison with the previous year this means an increase of 1%. The indicator of low labour intensity reflects the proportion of people aged 0-59 years living in households where adults work less than 20% of the total time during the previous year. According to this indicator 7.9% of people live in households where nobody works or works only occasionally and in comparison with the previous year the situation has become worse.

In connection with the adoption of *EU Strategy 2020* the Slovak Republic has set a target to set free at least 170,000 people from the risk of poverty and exclusion by 2020. The target group are people who are identified by the three indicators, namely the risk of people living in poverty or social exclusion.

Conclusion

Slovakia is still characteristic of low levels of income inequality – distance between lower and upper end of the income structure is not too strong in comparison with other countries. Although there have been many changes in the last decade that have the potential to affect the income structure, the income-disparity values »»observed at the EU rank Slovakia among the countries with the lowest income inequality (alongside Sweden, Denmark and the Czech Republic).

If we look at the issue of income polarisation in terms of a global trend, it can be concluded that it resulted in a huge concentration of wealth controlled by 5-7% of the population also pointed out problem of life on debt, which affects most of the population of most developed countries [10]. The authors of this study shift the issue of income polarization significantly further – they reflect on the necessity of total global revision of income stratification, understanding of wealth and poverty in society, and the necessity to address the issue of extremely low-income populations (8-10%) that do not want or cannot change their social status – the authors refer to the paradigm of future changes in the redistribution.

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