

## ECONOMIC POVERTY IN RURAL AREAS OF POLAND

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**Abstract.** In Poland relatively more families live in economic poverty in rural areas, which is reflected in the fact that in the years 2007–2013 the extreme and relative poverty risk as well as the national poverty threshold indices in rural areas were higher than in urban areas. The greatest differences in the mentioned poverty indices between rural and urban areas were revealed in the scope of the relative poverty. The fact that there is no evident decrease in the relative poverty index, particularly in rural areas, indicates persistent income inequalities. In comparison with the remaining household groups, the socioeconomic situation of farmers' households was particularly difficult. Their extreme, national and relative poverty risk indices were one of the highest. Many negative tendencies that promote poverty accumulate in Poland's rural areas. The most important of them include the high unemployment rate and a relatively low level of education among the rural population.

**Key words:** poverty, economic poverty, rural areas, Poland

### INTRODUCTION

Poverty exists in every country and is very difficult to eradicate. It poses a great challenge to each society, principally since it embraces many spheres of human life, both in rich and poor nations. Poverty is a condition of a complex and multidimensional nature. Many definitions of it can be found in the literature on the subject. They are all connected with the fact that certain needs are not being met on a desirable level. The following can be adopted as a general definition: "a condition below a certain, variable in time, income threshold or a needs satisfaction threshold in relation to an individual, a family or a social group" [Toczyński 1991].

According to the definition of poverty adopted by the European Union, poverty is a condition of "those persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable

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way of life in the Member State to which they belong” [Radziukiewicz 2006]. A choice of a particular poverty definition considerably influences the results of its measurement [Hagenars 1986].

The situation on the labour market in rural areas of Poland is poor. It directly translates into the employment opportunities and the income levels of the rural population, including the scope of poverty. The rural areas also suffer a low education level and the underinvestment in social and technical infrastructures that are poorly adapted to the existing needs [Žmija 2013]. The impoverishment process is particularly strong in remote areas where state farms used to exist, and in those areas where farming is the dominant form of economy, lacking in non-agricultural employment opportunities [Žmija 2011]. Significant differences in the scope of poverty are identified in the spatial arrangement of Poland. Rural population often continues to rely on small and low-profit agricultural holdings as a result of a very high unemployment in rural areas and of the fact that rural families are bigger than the ones in urban areas, leading to a higher risk of impoverishment.

The primary aim of this paper is to present the phenomenon of the economic (income) poverty in rural areas of Poland. We concentrate on a short discussion of the theoretical issues connected with poverty, analyse the level of economic poverty (extreme, national, relative) in Polish rural areas in the years 2007–2013, and evaluate the economic poverty risk index for selected socioeconomic groups of households. Determinants of the scope of poverty in rural areas were also indicated.

## MATERIAL AND METHODS

Two approaches are typically employed to analyse poverty – the classic one and the multidimensional one. The classic approach is used to analyse income (monetary) poverty. It is a question of choice whether the poverty indices should refer to income *sensu stricto* or rather to consumption. However, the measurement of poverty based only on these parameters does not take other factors into account. Therefore, it ignores some aspects of the actual condition of people at risk of poverty. In order to eliminate this problem, multidimensional approaches to poverty are designed, which take into account the analysis of its non-income aspects, such as the access to medical care, education and culture, the perception of the lack of social security or the weakening of social ties [Holik et al. 2014]. The multidimensional approach to poverty is problematic, as it often requires solving a number of methodological problems. However, the analyses take into account A. Sen’s postulate that the measurement should identify the poor in a population and design a quantitative metric of poverty [Sen 1976].

The scope of poverty can be identified with various, objective or subjective metrics, adopting absolute or relative measures. In the objective approach, the evaluation of the level of satisfaction of the participating individuals’ or households’ needs is performed independently of their personal valuations in this scope. In the subjective approach, the participants evaluate their satisfaction of needs levels. The absolute measures of poverty are based on a quantitative and qualitative determination of the basic goods and services. Those individuals and households which are not able to satisfy the needs recognised as

basic, are identified as poor. These metrics are variable in time and space. Moreover, the needs described as basic are perceived in various ways. Relative poverty lines are established by comparing the satisfaction of the participants' needs with the level on which the needs of other society members are satisfied. Such an approach to poverty accepts a form of inequality, an excessive contrast between the living standards of individual social groups [Auleytner, Głabicka 2001].

The data published by GUS (Polish Main Statistical Office) for the years 2007–2013 and the literature on the subject are the basis of the analysis in this work. However, it should be stressed that due to methodological changes in the presentation of data by GUS, the data on poverty for the years 2010–2012 differ from those published earlier by the Office. The study of household budgets in the years 2010–2012, including the data pertaining to poverty, were generalized by the new weights that take into account the results of the Polish National Census of 2011.

## **RESULTS AND DISCUSSION**

### **The scope of economic poverty in rural areas of Poland**

The Polish Main Statistical Office (GUS) publishes such data about the scope of economic poverty which take into consideration various poverty lines, since in this country no line has been adopted as an official one. Moreover, there exists no methodological basis to favour one of them, and each has its strengths and weaknesses, as well as different interpretations. The estimation of the extreme poverty's scope is based on the adopted poverty line equal to the living wage. Taking into consideration the national poverty line allows to establish a number of people who, legally, are eligible for social aid, and the application of the relative poverty line on the level of 50% of the all household's median expenditures is necessary to identify individuals with a consumption level lower than in the case of the majority of people in Poland and significantly lower than the average level [GUS 2013].

In the years 2007–2013 the level of extreme poverty risk in Poland varied (Fig. 1). In the years 2007–2008 it decreased, and from 2009 to 2013 it increased by 7.4%. The extreme poverty risk was much higher in rural areas than in the cities. In the years 2007–2013 the greatest difference in the percentage of poor people between rural areas and cities was in 2013, when it reached 7 percentage points. The lowest difference, 5.7 percentage points, was observed in 2009. The years 2009–2013, with the exception of 2012, witnessed the systematic increase in the percentage of extremely poor inhabitants of rural areas. The same trend existed in urban areas in 2010–2013. The growth rate of extremely poor individuals' percentage was greater in rural areas. As many as 4.6% of inhabitants of urban areas lived in extreme poverty in 2013, as compared to 11.6% in rural areas. The inhabitants of the Polish rural areas accounted for about 60% of all individuals living below the extreme poverty threshold, while the inhabitants of rural areas constitute below 40% of the total population of the country. This means that extreme poverty touches relatively more inhabitants of rural than urban areas.

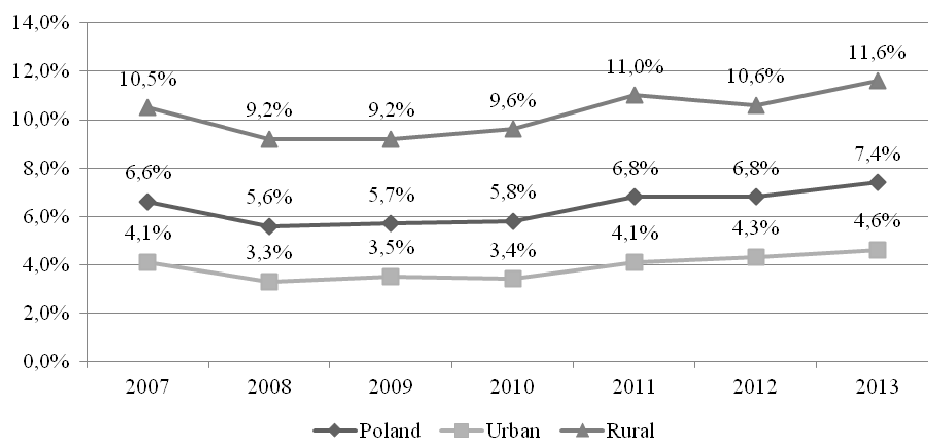


Fig. 1. Economic poverty risk index – the percentage of persons in household spending less than the extreme poverty threshold, by the place of residence in 2007–2013

Source: Own study based on GUS data.

The scope of extreme poverty evidently varies by socioeconomic groups, defined in accordance with the prevailing source of income. In the years 2007–2013 the most difficult situation affected the members of households relying on other unearned sources of income (the average rate of extreme poverty about 20%), while the smallest percentage of extremely poor individuals was identified among the self-employed. The groups exposed to extreme poverty on more than the average level included members of households relying mainly on disability pensions (the percentage of extreme poverty at the average level of 11%) and the members of farmers' households. In the years 2007–2013 the percentage of extremely poor individuals among farmers varied, but was not lower than 9.0%; it reached the peak value, 13.4%, in 2013.

The second metrics recognised as an economic poverty threshold is the national poverty line. The percentage of individuals living on income below the national poverty line in Poland in 2007–2011 steadily decreased from 14.6% in 2007 to 6.6% in 2011 (Fig. 2). In that period the highest decrease in this index was observed in rural areas, where it decreased from 21.9 to 10.7%, or by 11.2 percentage points.

In 2013 the national poverty risk index grew to 12.8% in Poland. It increased both in urban and rural areas, to 8.4 and 19.6% respectively. One of the reasons for the steady decrease of that index in 2007–2011 was the fact that the value of the national poverty line was not valorised between October 2006 and October 2012. The valorisation of that threshold undoubtedly promoted the growth of the index in 2013.

As in the case of extreme poverty, the scope of the national poverty clearly varies by socioeconomic groups of population. In the years under study the national poverty risk index was the greatest among the households relying on unearned sources of income, and the second greatest among farmers. Despite the general decline in the percentage of individuals at risk of such a poverty in 2007–2012, in 2012 as many as 12.2% of the members of farmers' households were at risk of national poverty. In 2013 the index grew to 22.8%,

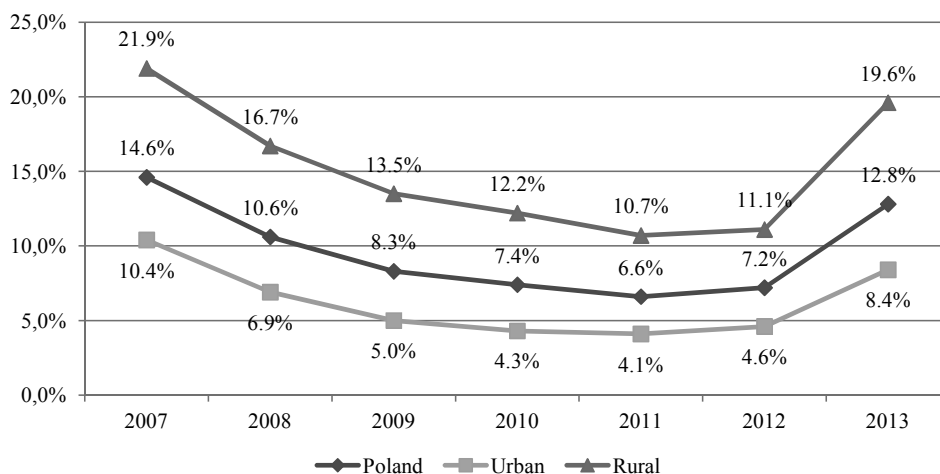


Fig. 2. The economic poverty risk index as a percentage of individuals in households spending less than the national poverty line, by the place of residence in 2007–2013

Source: Own study based on GUS data.

which means that in that year, in comparison with 2012, nearly twice as high percentage of farmers’ households was eligible to apply for social aid.

The third metric of economic poverty, used by GUS to measure poverty, is the relative poverty line. In 2007–2013 the level of relative poverty risk in Poland decreased from 17.3 to 16.2% (Fig. 3). That decrease was recorded in both urban and rural areas of the country, respectively by 1 and 1.5%. The relative poverty risk index was considerably higher in rural areas than in cities, and the difference was as much as 12.8 percentage points in 2013. It proves the existence of income inequalities in Poland, particularly in the case of the residents of rural areas.

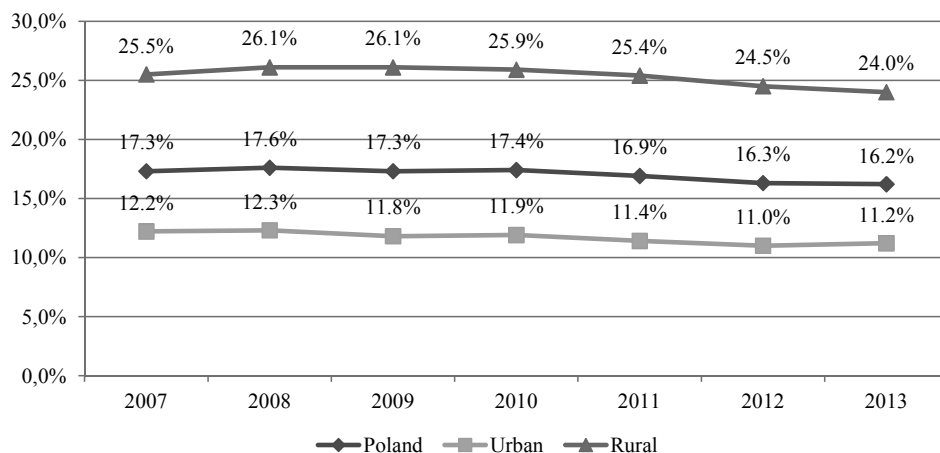


Fig. 3. The economic poverty risk index as a percentage of individuals in households spending less than the relative poverty line, by the place of residence in 2007–2013

Source: Own study based on GUS data.

The scope of relative poverty also varies by socio-economic groups defined in accordance with the prevailing source of income. In the years 2007–2013 the most difficult was the situation of the individuals living in households relying on other unearned sources of income, while the lowest percentage of relatively poor persons was among the self-employed. The members of households relying mainly on disability pensions, as well as the members of farmers' household were at risk of poverty to more than average degree. In the years 2007–2013 the percentage of relatively poor individuals among farmers was still on a high level. The index was 26.7% in 2013, which reveals the existence of high income inequality among farmers.

### **Determinants of poverty in rural areas**

The factors that determine poverty in rural areas are manifold. According to the report of the conference devoted to combating poverty and social exclusion in rural areas, organised by the European Commission in 2009 in Budapest, such factors include demography, education, labour market and remoteness. The demography factor includes such key issues as migrations, low population density, aging and low birth rate. As far as the education factor is concerned, education and training are the basic issues that positively affect the quality of life. Employment rates in rural areas are an important determinant of poverty indices, since low employment rates result in low incomes, increased migration or out-migration and the low quality of public services. Other variables which may affect poverty in rural areas include: low incomes and labour market seasonality, low retirement benefits or intergenerational transmission of poverty.

Inhabitants of rural areas constitute nearly 60% of all poor people in Poland, while only 40% of the Polish society lives in rural areas. The values of poverty indices in rural areas differ considerably from those in urban areas, which results from such factors, as differences in household structures. In comparison with urban households, rural households consist of more members, and have higher fertility rates. However, a larger number of household members does not translate into a larger number of the employed to the same extent as it does in urban areas. The lack of labour is therefore one of the most important problems in Polish rural areas, and, to a considerable extent, it determines poverty [Kabaj 2000]. Unemployment in rural areas is a derivative of both general unemployment and low mobility of rural population coupled with labour markets' limited opportunities in rural areas. The disaggregation process takes place in Polish rural areas, which is reflected in the systematic decrease in agriculture's role in the productive engagement of human labour and providing incomes for the rural population. Occupational development of the unemployed in rural areas is an important condition of those areas' modernisation and the improvement in the incomes and financial situation of their populations. The freeing up of the labour force engaged in agriculture and the improvement in its productivity must take place in the context of new workplaces, which should be created in various areas of the national economy [Kłodziński 2012]. As compared with urban households, the education level in the rural ones is lower, which results in the lower competitiveness of the latter in the labour market. Without an improvement in the education levels, the reduction in

unemployment is impossible, therefore it is extremely crucial to encourage young people from rural areas to continue their education on the secondary and university levels.

According to the "Employment in Poland. Poverty and Jobs" report [Raport... 2011], poverty in Polish rural areas is highly diversified, depending on a type of a household based on income sources. Three types of rural household are proposed based on this criterion: agricultural households, where farming is the main source of income; partly agricultural households (with an secondary income from farming); and non-agricultural.

Members of household connected with agriculture constitute nearly half of all the poor population of rural areas. A negative correlation of the poverty ratio and the area of arable land owned by a household exists. Therefore, the poverty risk in such households depends on the scope of agricultural activities. It should be noted here that in the spatial arrangement there are no static relationships between the level of employment in agriculture and poverty in rural areas.

Poverty risk in non-agricultural households is lower than the average in rural areas, thus, despite their number, they are not responsible for the scope of poverty in Polish rural areas. However, many members of partly agricultural households obtain income from wage labour, which considerably lowers their risk of poverty.

The elimination of poverty and social exclusion is one of the European Union's priorities. Its implementation is based on the collaboration of member states in the scopes of social policy, employment, social protection and economic development, fostering social inclusion. The membership of Poland in the EU and the opportunity to use its aid funds promoted a faster development of social services, infrastructure, social entrepreneurship and other programs of social integration and cohesion.

The policy of rural areas' development in the framework of the Common Agricultural Policy plays an important role in the growth of employment and combating social exclusion in Polish rural areas. The implementation of the Policy is expected to generate income and employment options by means of training courses and the supply chain development for traditional agricultural businesses, as well as by means of investing in modern, more efficient agricultural holdings and infrastructure in rural areas, in order to promote competitiveness and entrepreneurship in those areas.

Polish communes have been also included in activities connected with the Social Agenda 2000, which focused on social integration through creating own problem-solving strategies. Studies show that the issues connected with poverty and social exclusion are not as important in the policies of local commune governments, as those connected with the educational, communal or transport needs. NGOs are often closer to those in need. However, most of them operate in more urbanised areas [Golinowska 2012].

The lack of labour and unprofitable agricultural holdings are the main sources of poverty in Polish rural areas. They require strategic actions both in the framework of the economic policy of the state, and in the regional policies, as social aid alone only mitigates the most difficult situations. Unemployment in rural areas is higher than in urban areas, and rural households are larger. Moreover, rural and small town populations use social aid to a larger extent.

## CONCLUSIONS

The differences in the level of the socio-economic development of Poland among separate regions as well as between urban and rural areas, are reflected in the disparities in data pertaining to poverty. The families that relatively most frequently experience poverty are those from rural areas. The greatest difference in the described values of poverty between the rural and urban areas was identified in the case of the relative poverty. The fact that the index of relative poverty is not decreasing substantially proves the existence of persistent income disparities. Polish rural areas also generate a high percentage of people living below the national and extreme poverty line.

In the period under study, individual socio-economic groups were subjected to economic poverty to various degrees. In comparison with other socio-economic groups, the members of farmers' households were in a particularly grave position. Their extreme, national and relative poverty risk indices were among the highest. The individuals living in agricultural holdings of the smallest arable land areas are at a particular risk of poverty, since, as GUS analyses show, the level of poverty is correlated with, among other factors, the area of arable land. Those individuals should therefore be recipients of a special state-provided social care and special programmes aimed at limiting the scope of poverty in rural areas. Many negative trends that affect poverty accumulate in rural areas. One of the most important ones is the high unemployment rate, which affects the scope of poverty, as well as the relatively low level of education, which increases the risk of poverty. Other poverty-promoting factors include impoverishment that results in accepting low-paid jobs, and having many children in families – more frequent than in urban areas. The lower economic activity level, the smaller population density, and the less developed infrastructure than in urban areas, are only some of the determinants that hamper the proper use of the rural areas' potential, as well as inhibit their socio-economic growth and the creation of new workplaces, resulting in the persistence of a high poverty level in rural areas.

The accumulation of adverse issues, economic ones in particular, promotes poverty despite the region. The relatively low productivity in agriculture and the diffused nature of agricultural holdings are undoubtedly the factors which deepen the wealth gap between the rural and urban populations. The aid directed to the poor should not be managed on the territorial level, but rather constitute an answer to local problems that increase the poverty risk.

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## UBÓSTWO EKONOMICZNE NA OBSZARACH WIEJSKICH POLSKI

**Streszczenie.** W Polsce relatywnie częściej w ubóstwie ekonomicznym egzystują rodziny, które mieszkają na wsi, o czym świadczy fakt, iż w latach 2007–2013 wartości wskaźników zagrożenia ubóstwem skrajnym, ustawowym i relatywnym na wsi były większe niż w miastach. Największa różnica w opisanych wskaźnikach ubóstwa między miastem a wsią występowała w przypadku ubóstwa relatywnego. Brak wyraźnego obniżania się wskaźnika ubóstwa relatywnego, zwłaszcza na wsi, jest oznaką utrzymywania się w Polsce nierówności dochodowych. W szczególnie trudnej sytuacji społeczno-ekonomicznej na tle pozostałych grup gospodarstw domowych znajdowali się członkowie gospodarstw domowych rolników, dla których wartości wskaźników zagrożenia ubóstwem skrajnym, ustawowym i relatywnym były największe. Na obszarach wiejskich Polski kumuluje się wiele negatywnych zjawisk, które sprzyjają zjawisku ubóstwa. Do najważniejszych z nich zaliczyć można bardzo duże bezrobocie oraz stosunkowo niski poziom wykształcenia ludności wiejskiej.

**Słowa kluczowe:** ubóstwo, ubóstwo ekonomiczne, obszary wiejskie, Polska

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