

Michał Brzeziński, Katarzyna Sałach: Differences in Wealth and Wealth Inequality among the CEE Countries

Introduction

- Individual well-being: income, consumption/expenditures, wealth
- Eurostat/European Commission: “it is important to ensure the availability of harmonised statistics at EU level that cover the distributional aspects of households' income, consumption and wealth (ICW)”
- HFCS in more countries?

Data

- Survey design (individual vs household questionnaires)? All HH members vs one?
- Individual characteristics of HH head. Who is household head? The selected person?
- Gifts and inheritances received – when? By whom (one member or all members)? Reference period of variables?

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Methodology and Results - Better described in next version

- Decompositions have 4 components, 2 are presented
- *“In case of inequality difference between Poland and Slovakia, about one third of the difference is accounted for by differences in housing status distribution”* (p. 8) – 1/3 is not apparent in Table 2

Major contribution factors: housing status (and education)

- Comparisons with SK – relatively low explained parts (countries similar in characteristics)
- Comparisons with DE – relatively high explained parts (DE different characteristics)
- Housing status - almost fully represents the explained difference in both cases

➔ Housing status as “the only” factor of differences? Expected...

DE: higher share of rented; low share of owned (Table 1)

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Other variables – do not contribute to wealth inequality or they contribute in the same way in all the countries?

- Missing – variable on urban and rural areas!
- Savings, Financial assets – dummies or share of wealth? (dummies might not capture the difference)
- Gifts and inheritances – no effect on differences across CEE and DE?

“In Austria, Germany and Cyprus the contribution of real and financial assets inherited or received as gifts to gross and net wealth inequality attains about 40%.” (Leitner, 2016)

→ Real estates inherited in CEE vs capital inherited in DE? (can it be distinguished?)

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I lack a background (missing literature on CEE):

- Comparison of income and wealth inequality
- Factors (sources) of wealth inequality within countries (DE vs CEE)

	DE	SK
Gini	0.758	0.448
Contribution of housing equity	38%	70%
Share of housing equity in total portfolio	58%	81%

Source: Sierminska and Medgyesi (2013, pp.11-12)

References:

- Sierminska, E. and Medgyesi, M. (2013). The distribution of wealth between households. Research note 11/2013. European Commission.
- Leitner, S. (2016). Drivers of Wealth Inequality in Euro-Area Countries. The Effect of Inheritance and Gifts on Household Gross and Net Wealth Distribution Analysed by Applying the Shapley Value Approach to Decomposition. WIIW Working paper No. 122.