

Abstract for “Inter-temporal Equivalence Scales based on Stochastic Indifference Criterion: The Case of Poland”

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In the paper, the stochastic equivalence scales (SES) are applied to homogenisation of the heterogeneous population of households when analysing the sequence of expenditure distributions in several years. The SES is any function that transforms the expenditure distribution of a specific group of households in such a way that the resulting distribution is stochastically indifferent from the expenditure distribution of a reference group of households. The stochastic indifference is a weaker criterion than the IB, and it turns useful when IB fails. For inter-temporal comparisons of expenditure distributions, we chose one common reference group of households and estimate non-parametric SES for remaining groups of households and all years, using the Polish Household Budget Surveys 2000-2012.